1. INTRODUCTION

The Arizona Department of Revenue (DOR) is seeking a business partner to provide the technology, knowledge and working capital necessary to allow the agency to greatly improve the core business (tax) processes of the agency. In return for this expertise and capital investment, DOR will share the incremental benefits of integrated tax systems based on established performance measures ("benefits-sharing"). In July 2000, the State of Arizona formally authorized this type of arrangement in Arizona Revised Statutes § 41-2559. The State expects that a benefits-sharing arrangement will help finance the business partner's activities, resulting in decreased costs to the State. The State believes that a partnership of this type will promote the success of the project and align the activities of both the business partner and the State toward implementation of an efficient, effective system.

Further, DOR is interested in improving its current business processes, organization structure, and information technology in order to develop a customer-focused department. In order to achieve its customer-focused vision, DOR has initiated a department-wide project called Business Reengineering/Integrated Tax System (BRITS). The BRITS Phase I effort involved a review of DOR's current business processes, organizational structure and technologies, the development of a clear business vision, and the preparation of this request for proposal to be used in procuring new automation systems to support the new business vision. This solicitation supports the efforts of the department to reengineer its organization, processes and technology in support of Phase II (implementation phase) of the Business Reengineering Integrated Tax System (BRITS) project.

Currently, mainframe business applications are functioning within a consolidated Arizona Department of Administration Data Center. However, business partners may provide alternative network designs that represent a better value to the State. If an alternative design is proposed, the business partner shall provide evidence (e.g., cost/benefit and total cost of ownership analyses) that the alternative design is indeed a better value for the State.

1.1 Partner Approach to the Project

The term “business partner” refers to cooperative and amicable relationship and to a shared effort to achieve common goals. The business partner will share our values and commit to a relationship based on mutual trust, honest and open communications and teamwork. To develop that relationship, both parties of the contract must agree to:

- Develop a mutually beneficial long-term business relationship, which produces measurable results in an environment of integrity, ethics, and trust.
- Support the mutual strategic goals while planning and implementing continuous improvement in products, services, processes, and human involvement.
- Actively pursue projects that focus on reengineered processes and automated solutions for the purpose of providing improved services, revenue collections and efficiencies to the State, while developing and improving products for market on a shared risk/reward basis.
- Promote a cooperative relationship in which conflicts are resolved through negotiation instead of legal remedies.
- Openly communicate requirements, make special efforts to understand them, consider the capabilities of the other partner, and agree to strive to meet requirements 100% of the time.

- Be accountable for their commitments and follow through by supporting the verbal and written commitments they make.

- Anticipate, meet, and exceed mutual internal/external customers' needs.

- Commit themselves to a program of continuous improvement.

- Recognize and reward the contributions of each partner.

1.2 Partner Approach to Project Management

The potential business partner must have skills in project management for large, multi-phased projects. DOR must understand the potential business partners approach to project management, including the following specific areas:

1. Project Management Methodology
1. Project Methodologies and Tools
2. Communications Planning
3. Cultural Change Management
4. Quality Assurance
5. Software Development
6. Testing
7. Training
8. Implementation

An explanation of the potential partner's approach to each of the above areas must be included in the proposal. In addition, the proposal must describe communication and interaction lines between the potential business partner and DOR throughout the project life cycle.

1.2.1 Project Management Methodology

The potential business partner shall indicate its intended project management methodology for this project. The potential business partner should discuss Project Management Institute (PMI) methodology, IEEE Project Management methodology, various Application Development Project Management methodologies and compare and contrast its intended methodology with these. The potential business partner should demonstrate knowledge of various methodologies and show how its proposed methodology is the appropriate methodology for this project.

1.2.2 Project Methodologies and Tools

DOR envisions this potential business partnership using a system development methodology, associated Computer Aided Software Engineering (CASE) tools, a project management methodology, related project management tools, and application development environment. DOR must understand the potential business partner's approach to the system development life cycle, including a detailed understanding of how each phase or component of the life cycle would be applied to this development project, as well as the potential business partner's similar experience in other large multi-phased projects. Specific areas for understanding which must be addressed in the potential partner’s proposal are:

- Business rules confirmation and documentation techniques
- Business process reengineering

    - Reverse engineering
    - System design
- End-user computing / self help design
- Interfacing with existing systems
- Hardware/software architecture
- Post-implementation support

The potential business partner will be required to supply the methodology and tools necessary to create, document and maintain the system design, including any process and data models used. Upon completion of the project, the business partner will leave the methodology, tools, equipment, and the appropriate licenses for the most current versions of development software to support system maintenance staff as agreed to by DOR.

1.2.3 Communications Planning

A critical component of any project is its communications plan. The plan should outline the potential business partner's approach to ensuring that all stakeholders are appropriately informed of project progress throughout the life of the project.

1.2.4 Cultural Change Management

One of the most critical elements of the proposal must be a thorough plan for achieving employee "buy-in". It is imperative that ALL employees understand how DOR operations will be changing and how these changes will affect them. To achieve DOR's vision, the employees must be motivated, focused and interested in the project. All employees must embrace long-term commitments to DOR's vision. The partner will be responsible for bringing their expertise to the project.

It is also important to remember that concepts like "knowledge worker" will be essential in our future vision, and that employees will undergo significant cultural change as progress is made toward implementation of the future environment. The potential partner's proposal must include an explanation of how this cultural change will be managed and supported. In addition, the potential business partner must include a plan for assessing the skills of the existing DOR employee-base, as well as determining the training and development needs of these employees to ensure that they are able to function effectively in a future environment. The potential business partner will work with the agency to explain how to approach reassigning employees to new tasks and functions.

1.2.5 Quality Assurance

Quality can be defined as "conformance to requirements" (Crosby, 1979) or "fitness for use" (Juran and Gryna, 1970). Both of these definitions imply that quality is relative to the customer and the intentions of the customer and rely upon a clear understanding between the software provider and the customer as to the precise requirements and the precise intended use of the software. The potential business partner should describe how it intends to "close the gap" in understanding between its products, services and abilities and the needs of DOR so that software quality in this instance will be fully agreed upon by both parties early in the process. In addition, the potential business partner should describe its proposed quality assurance approach possibly by reference to approaches such as Total Quality Management (TQM), the Malcolm Baldridge, the ISO 9000, the Software Engineering Institute's (SEI) Capability Maturity Model (CMM), or the Software Productivity Research's (SPR) assessment approach.

1.2.6. Software Development

The potential business partner shall describe the proposed methods of software development.

1.2.7 Testing

The potential business partner shall describe the proposed methods of unit, integration and system testing. The proposal shall also include a discussion of the potential business partner's approach to configuration, recovery and security, testing as well as background, stress and performance testing.

1.2.8 Training

The potential business partner must provide initial user training for all employees in all offices, using the proposed system. The business partner will develop and deliver training for DOR project staff, hardware and network support staff, software support staff, and production processing staff, in the use and support of the potential business partner and third party-supplied methodologies, automated tools, system software and application software. The business partner also will develop and deliver training for selected DOR project trainers on the use of the new system.

1.2.9 Implementation

The systems being replaced by this RFP are large, interfaced, and complicated. The potential business partner will work with DOR to develop an implementation strategy that minimizes the risk associated with replacing systems of this size and scope. DOR expects the potential business partner to "plan globally, but implement incrementally." The detailed implementation strategy proposed by the potential business partner must be included in the potential partner's proposal, including an analysis of the risk associated with implementation and how the potential risk is minimized with the suggested strategy. This implementation strategy plan must include project phasing and the potential partner's strategy to funding this project through "benefit-sharing".

The current Arizona Transaction Privilege Tax (TPT) system was built in 1982 and has now reached its technical limits in that its current file structure was built upon a non-normalized structure that has met the limits in many fields. There is a current project in place to extend the field structure but the extensions are rapidly approaching the limits of the underlying IBM file structure product. As a result, the replacement of the TPT system is an extremely high priority for DOR. The potential business partner shall show how this priority will be accommodated without impacting the overall approach of an Integrated Tax System.

Early in the process, the potential business partner shall clearly describe how it intend to provide in-depth understanding of its products, services and abilities related to the needs of DOR for quality software.

2. BACKGROUND

2.1 Department Mission Statement

"To promote voluntary compliance with all tax obligations through fair administration, firm enforcement, and prompt and courteous service in a manner that justifies the highest degree of public confidence in our efficiency and integrity."

2.2 Department Vision Statement

"The leader in public trust and quality customer service, dedicated to excellence, where teamwork, innovation, and efficiency are synonymous with the Arizona Department of Revenue."

2.3 Department Philosophy and Values

Customer Relations - We focus on quality customer service.

"We administer policies and tax laws in a fair, impartial, and consistent manner. We keep the public informed of changes. We provide timely, high quality, accurate, and cost effective services. We operate in an ethical, caring, and responsive manner to all people. We strive to make services easily accessible to all taxpayers. We promote education rather than enforcement. We strive for improved employee and taxpayer relations by advocating on behalf of taxpayers."

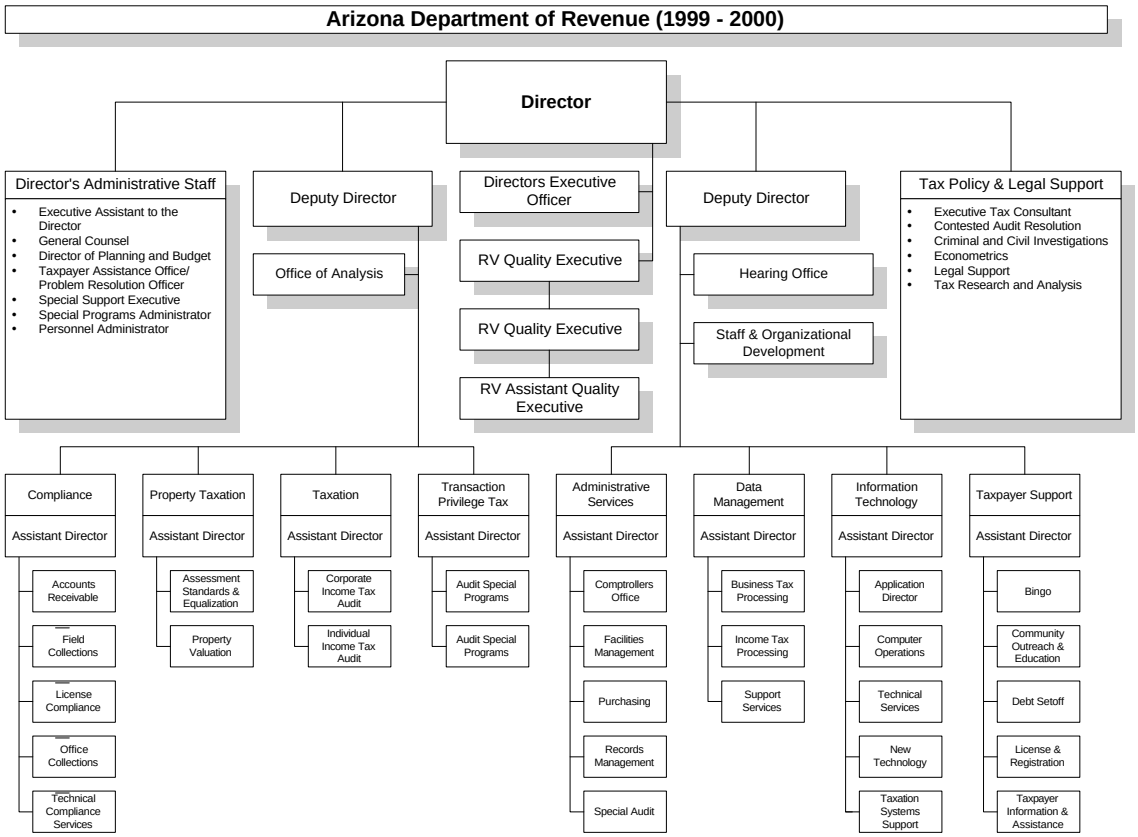
Employee Relationship and Commitment - We operate as a team.
"We promote efficiency and quality of service through open communication, teamwork, and innovation. We are non-judgmental and act professionally towards each other. We treat each other with courtesy, mutual respect, equality, fairness, and honesty. We promote good morale throughout the department. We provide each other with knowledgeable, informative, and accurate information. We understand the goals of our agency. We develop consistent policies and procedures. We perform jobs with utmost pride. We have a positive attitude and an excellent image. We take accountability for our actions."

Leadership - We are committed to developing our employees.
"We believe that effective supervision motivates employees by encouraging and empowering them to make improvements to their jobs. We promote an enabling attitude within management. We empower employees with authority and responsibility to provide better services by allowing them to have more input into operations. We have leadership and communication training for all supervisors and make it available to all. We provide growth opportunities through positive guidance and evaluation. We instill professional and consistent standards of performance. We evaluate employees objectively. We favor efficient and effective rules that permit weeding out of non-productive and incompetent employees."

Human Resources Development and Management –We provide a quality work environment. "We include affected employees in the decision-making process. We expect a high degree of communication between employees and management. We expect management to make consistent decisions. We have an open-door policy at all levels of management. We support quality pay for quality work. We provide the tools, staff, and timely job-specific training to do the job effectively. We provide recognition at all levels of the department. We make mediation available to resolve conflicts as an alternative to filing grievances."

Process Improvement - We continually strive to improve.
"We have a common sense commitment to excellence. We support using state-of-the-art technology to deliver quality services. We have a proactive, rather then a reactive, philosophy when dealing with problems. We believe that our goals for the future are limited only by our imaginations."

2.4 Department Organization



2.5 Current Systems and Technology

2.5.1 Introduction

This section provides a high-level description of the current DOR technology environment including key IT issues, a summary of opportunities for improvement in DOR's key business processes, and an appendix listing of all computer applications within DOR.

2.5.2 Overview of the Current DOR Technical Environment

The following tables outline DOR's current IT mainframe, application server, network, Internet/Intranet, desktop and telephony environments. These tables outline each architectural component and provide a description of each component. Each architectural component of the DOR IT non-mainframe application environment is in the Scope of Work.

2.5.2.1 *Mainframe*

ARCHITECTURAL COMPONENT	DESCRIPTION
Hardware	**Hitachi P78-S** located at the Department of Administration (DOA) Data Center. DOA is responsible for mainframe maintenance. DOR is the sole user of one LPAR and is responsible for security. All DOR mission-critical applications reside on the mainframe. There are a total of 17 mainframe applications.
System Software	**OS/390** IBM mainframe operations system version 2.8 for DOA mainframe Hitachi P78-S **CICS** (C**u**stomer **I**nformation **C**ontrol **S**ystem) – a Transaction Processing (TP) Monitor from IBM. Controls the interaction between applications and users, providing terminal routing, password security, transaction logging for error recovery and activity journals for performance analysis. Supports DOR's VSAM/COBOL application environment.
Application Software	**COBOL** – Common Business Oriented Language, a third-generation programming language that has been the primary business application language on mainframes and minicomputers. The vast majority of DOR's mainframe supported business processes are written in COBOL. **Natural** - a fourth-generation programming language from Software AG that runs on a variety of computers from microcomputers to mainframes. Only a few of DOR's mainframe supported business applications are coded in Natural.
Database Management	**VSAM** – Virtual Sequential Access Method, a flat file/index data storage mechanism used in DOR's mainframe and COBOL environment. VSAM is extremely fast for a fixed, limited number of access keys. **ADABAS** – a database management system (DBMS) from Software AG. Characterized as a "pre-relational" database, it is an inverted list DBMS with relational capabilities. Critical applications, such as withholding, sales tax licensing, warrant tracking, and property, are supported by ADABAS. DOR's ADABAS DBMS applications are written using NATURAL 2.
Performance/ Reliability	Production CICS availability is 99.9%. Mainframe utilization runs above 80% of capacity during peak seasons. Production applications are available between 7am and 9pm weekdays, 7am to 5pm on Saturdays. Occasionally online application availability is delayed in the morning hours because some batch and maintenance processes have overrun their allocated time. Response time currently averages about 1-3 seconds with an average daily volume of 350,000 transactions. Certain applications, such as Transaction Privilege Tax (TPT), could be faster if the program code were rewritten. A significant amount of tape processing takes place. There are 12 tape drives, and at times, all 12 are used simultaneously. Specifications include: Processor: CPU rating of 713 MIPS (Million Instructions Per Second) total. DOR is using 102 MIPS Memory: Total machine is 10 Gigabyte (10 billion bytes or characters) DOR is using 1 Gigabyte Input/Output: Total machine is 128 + channels. DOR is using 64 Channels DASD: Raid 5 Technology utilizing 540 Gigabytes Printers: Xerox High Color Duplex Printer Systems, model 4850 and model 4890

ARCHITECTURAL COMPONENT	DESCRIPTION
Maintenance	Maintenance is cumbersome, with the "batch window" being utilized almost to maximum capacity. For example, some batch runs are (must be) processed on Tuesdays and Thursdays only.
Security	**RACF** – IBM's Resource Access Control Facility verifies user identity and password and authorizes access to files and resources. RACF security can specify access control to the database row level. **ADABAS/Natural** – Additional security mechanisms exist within the ADABAS/Natural environment, providing internal security to applications, screens and even transactions.
Strengths	Mainframe environment is highly reliable, with good vendor support, and will run most current system software. Application performance and response times are good.
Weaknesses	New development with ADABAS was curtailed in 1995 due to the difficulty of finding qualified professionals for application programming and database analysis. Also, ADABAS is a labor-intensive DBMS, from installation through maintenance and support. Current database management environment (VSAM and ADABAS) is old technology and inconsistent with new technology directions at the State level. Users do not have a single sign-on (one log-in ID and password). Depending on the application, a user could have multiple logon screens with multiple IDs and passwords. For example, they could have an NT logon, a CICS logon and a Mainframe logon. There is a minimum of 4 user logon screens and a user could have as many as 5 to 7 logon screens. Insufficient permanent disc storage (DASD) requires the IT Division to use tape media to transfer and save information. This creates very significant time-consuming tape processing which hurts the IT Division's performance. Currently there are 12 tape drives, many times they are all being used and sometimes they are broken. Unreliable data is created because data is downloaded from the mainframe (and the MS-SQL Server) environments to the desktop PC. Data manipulation, changes, and reporting subsequently occur on the PC causing a loss of data consistency across the organization. Batch processing now requires more time than is available in the over-night "batch window". Certain batch runs take place less frequently than optimal due to the sheer length of time to execute. At times, batch processing is not complete at start of the workday delaying the availability of online processing to DOR users.

2.5.2.2 *Non Mainframe Application Server Environment*

ARCHITECTURAL COMPONENT	DESCRIPTION
Hardware	**Compaq Pentium and Pentium Pro** – PC-based servers supporting divisional database applications, voice mail, electronic mail, etc. **Unisys** - NDP500 NT 4.0 check encoder / endorser, supports the remittance processing applications developed by KPMG.
System Software	**Microsoft Windows NT Server 4.0** – server operating system standard.
Application Software	**Sybase PowerBuilder** – application development language used in older DOR LAN-based applications, tied to MS-SQL Server databases. Related tools such as Power Designer, AppModeler, and InfoMaker report writer are also used. Power Builder was originally designed for 2-tier, fat client applications **Microsoft Visual Basic** – application development language. DOR Visual Basic applications are tied to MS- SQL Server databases. DOR has been moving away from Power Builder and toward Visual Basic for application development. **FoxPro** – integrated database/application system supporting DOR's Unclaimed Property application. An outside company maintains this mission-critical application.
Database Management	**Microsoft Access 7.0** – integrated database/application system supporting numerous divisional applications. **Microsoft SQL 7.0** – Standard database for larger divisional DOR applications such as; Cashier system developed by SII; Data Entry system developed by KPMG, J&B and DataCap Software; Interactive voice response and Automatic Call Distribution system developed by Williams Communications Solutions; Internal applications for vacancy tracking, budget, building permits, online phone directory, Debt Set Off and Purchase Order Processing.
Performance/ Reliability	Performance and reliability have been acceptable.
Maintenance	If an application is external to DOR's IT Division, then it is supported by the division staff where the application resides. Centralized applications are maintained by the IT Division.
Strengths	MS-Access and MS-SQL Server based applications have graphical user interface (GUI) that makes applications easier to learn and easier to use, improving user productivity. Power Builder has proven to be very effective.
Weaknesses	Difficult to find skilled staff or train existing staff to support Power Builder environment DOR's IT Division currently does not have the tools needed to implement new environments. Current backup system performed well when the environment consisted of 5 servers, but is now slow for 20 servers. Current bandwidth capacity is about 100 MBS (million bits per second). Will need capacity in the gigabit (GB) (billion bits per second) range. Interface mechanism is inferior - client requests go to the mainframe and a response is transferred back using UNIX File Transfer Protocol (FTP), an older, insecure, non-graphical transfer mechanism. This creates a situation where clients are querying the databases one by one because of the wide range of subsystems. Some applications that are maintained by a third-party require separate logons.

2.5.2.3 *Network (LAN/WAN) Environment*

ARCHITECTURAL COMPONENT	DESCRIPTION
Infrastructure Hardware	**Cisco Routers** – DOR-standard router for routing of Ethernet protocol network traffic. **Bay Networks Ethernet Switches** – DOR-standard switch, Accelar series **Unisys Token Ring Switches** – older switches for routing of token ring protocol traffic. To be replaced by Bay Networks Accelar series switches.
System Software	**Microsoft Windows NT Server 4.0** – DOR standard network server operating system. **Microsoft SNA 4.0** – Gateway supporting integration of MS-Windows environment with the mainframe. Will be replaced, with Cisco SIP card handling 95% of mainframe traffic. **Microsoft Windows NT RAS 4.0** – Remote Access Services (RAS) as system to allow remote connection to the DOR LAN.
Application Software	**Microsoft Exchange 5.5** –DOR's electronic mail "back-end" e-mail database. **Microsoft SMS 2.0** – Systems Management Services, a system used to inventory hardware and software, distribute software, monitor and analyze network usage, perform remote diagnostics and perform various other network administrative tasks.
Network Protocol	**Fast Ethernet (100 Base T)** – DOR-standard topology.
Transport Protocol	**Microsoft TCP/IP** – Transport Control Protocol/ Internet Protocol, DOR-standard transport protocol.
Strengths	Network is running well. All equipment and routers have been set up for future use. It should handle everything until the next refresh. Service contracts are 2-4 hours and response and repair times of them have been pretty good. Security policies and standards have been established.
Weaknesses	T-1 line bandwidth (1.544 MBS) is not currently adequate. Single main router limits the capability of opening new offices and provides a single point of failure for the network.

2.5.2.4 *Internet/Intranet Environment*

ARCHITECTURAL COMPONENT	DESCRIPTION
Hardware	**Compaq 2500** – single server supporting the DOR Intranet. Located at DOR.
System Software	**Microsoft IIS 4.0** – operating system for Intranet server.
Application Software	**Microsoft Internet Explorer 4.01** – standard DOR browser. **Microsoft Front Page 98** – software package for web page development. **Adobe Acrobat Designer, Reader** – for publishing of documents.
Service Providers	**Department of Administration** – houses DOR Internet site. Also supports current MagNet telephony pipeline to DOR for Internet access. **AT&T WorldNet** – used for stand-alone accounts only. Soon to be eliminated except for a few accounts. Limited e-mail and extremely limited for web access. **Qwest** – used for a Virtual Private Network (VPN) for new Property Division applications.
Strengths	Intranet use is popular and growing, replacing the previous use of wide distribution e-mails.
Weaknesses	Current Compaq 2500 woefully inadequate for increased Intranet content and traffic. Limited in most areas: DASD, memory, CPUs. No budget funding has been defined for the Intranet. Reliance on DOA as Internet provider could limit service levels compared to in-house or contracted mechanism.

2.5.2.5 *Desktop Environment*

ARCHITECTURAL COMPONENT	DESCRIPTION
Hardware	**Compaq Pentium** – Comprises inventory of about 1000 desktop and laptop PCs. Mostly Pentium Pro machines, although approximately 150 old Pentium I PCs remain which need replacement. **Apple Macintosh** – a single stand-alone machine used for desktop publishing. **Terminals** – approximately 83 terminals remain in the Data Management Division supporting the soon-to-be-replaced Data Entry application.
System Software	**Microsoft Windows NT Workstation 4.0** – standard desktop operating system. **Microsoft Windows 95** – used on a single stand-alone PC supporting ELIXR, a forms design application.
Application Software	**Microsoft Office 97** – standard word processing, spreadsheet, presentation, and database software. **Microsoft Outlook 98** – e-mail reader, calendaring, contact management, etc. **Microsoft Publisher 98** – for desktop publishing. **Microsoft Visual Studio Enterprise 6.0, Professional 6.0** – for its application development and design tools, especially Visual Basic. **Lotus 1-2-3 version 2.4** – used in audit sections to support old tax returns that do not translate into Excel spreadsheet environment. **McAfee Virus Scan, NetShield** – standard desktop virus protection software. **Corel Draw 8.0** – drawing tool on some desktops. **Visio Standard, Professional 5.0, Technical 5.0, Enterprise 5.0** – standard drawing and diagramming software tool.
Strengths	DOR has new desktop technology as a result of replacement of 1000 PCs and terminals during Windows NT implementation effort for Year 2000 compliance. Industry standard system and application software.
Weaknesses	Hard drive failures have become an issue because DOR runs everything from the hard drive, after which it is saved to the server.

2.5.2.6 *Telephony Environment*

ARCHITECTURAL COMPONENT	DESCRIPTION
Integrated Voice Response (IVR)	**Nortel Williams** – IVR system provides front-end environment to phone calls routed through Automated Call Distribution (ACD) system. Housed at, and maintained by, the Arizona Department of Administration (DOA). Provides automated inquiries of refund status, license numbers, unclaimed property, and fax back tax forms. Information accessible through IVR environment is updated through regularly scheduled file transfers (via FTP) of information from a staging DOR MS-SQL Server database, which contains formatted mainframe data.
Predictive Dialing Systems (PDS)	**Williams Melita** – performs automatic dialing of taxpayers. Housed at, and maintained by, DOA. Currently used by collections staff and integrated with AMS CACS collection system. Daily campaigns of phone numbers are provided to PDS system through daily download (via FTP) of information from CACS via a staging MS-SQL Server database. The PDS uploads information about completed calls to CACS via a similar route.
Telephone Systems	**Norstan** – Norstan servers housed at each DOR office, with main telephone switch located at DOA. Voice mail and internal phones maintained by DOR staff. DOR Main Office: three separate ADIX (Iwasu) System-50-100-200, Electronic Key Systems (EKS). There are approximately 1200 users connected to these three systems. The voice mail system is an AVT-brand system using NT operating system, connected to the three systems. EVO: This office is serviced by a separate ADIX (Iwasu) Electronic Key System (EKS). This system uses TELCO provided inbound and outbound trunks. There are approximately 200 users on this system. NVO: This office is serviced by a separate ADIX (Iwasu) Electronic Key System (EKS). This system uses TELCO provided inbound and outbound trunks. There are approximately 100 users on this system.
Strengths	IVR system provides numerous services. PDS integrated with CACS system.
Weaknesses	Currency of data is limited due to batch downloads of data to telephony systems. Need to use intermediate staging area for transfer of data between operational systems and telephony systems. IVR and PDS systems cannot share information. DOA maintenance of telephony systems limits DOR flexibility to update scripts and implement new functions. Call transfers, signaling and most features are not available on inter-system station-to-station calls.

2.5.3 Key Business Process Weaknesses

2.5.3.1 *Document-centric Processes*

DOR business processes are designed around the processing and movement of physical paper documents rather than around the storage and processing of data as data elements. This necessarily involves labor-intensive processes that limit status reporting and data access across the organization. There are significant process issues involved in receiving, handling, extracting data, storing, retrieving paper documents.

2.5.3.2 *Process "Work Around" Culture*

The current environment is one in which "work around" solutions are sought and adopted rather than one in which continuous process improvement is the norm. When exceptions are required to routine processing, special extensions to the process are created (and seldom documented). This causes numerous "off-line black holes" into which documents descend and from which, they later emerge. This limits document status reporting and data access. This approach further complicates processing, and adds an additional labor burden.

2.5.3.3 *Inadequate Data Capture*

Only a portion of each taxpayer return is entered into the current information systems with the remaining information maintained on the paper return. As a result, staff must frequently locate the original document (i.e., on microfilm or microfiche) in order to conduct the processing task at hand. This adds significantly to processing time. Further, this limitation stymies efforts to efficiently conduct tax policy research.

2.5.3.4 *Stand Alone Databases*

Because of insufficient data capture, numerous stand-alone databases have been developed in isolation in order to ease the burden for one or another business unit. This has resulted in the need to input information separately into different databases, and has made it difficult for DOR staff to quickly view all aspects of a taxpayer's business with the department.

2.5.3.5 *Alternating Media*

As a result of stand alone databases, a set of data, such as that involved in a return, will flow through the department changing from paper to electronic, to paper, to electronic making this transformation multiple times. This further increases processing delays and adds to the labor burden.

2.5.3.6 *Rework and Non-value Added Work*

There is a significant amount of re-work and non-value-added work done within the department. For example, incorrect or confusing bills generate a significant number of calls from taxpayers. These often result in the modification and re-issue of bills and add to the tracking effort to get them resolved.

2.5.3.7 *Significant Exception Processing*

There is a significant amount of exception processing within the current methods of conducting business. For example, because payments and returns arrive and remain largely independent unique documents, payment "strays" occur more than is necessary. Each of these "strays" then requires staff labor in order to resolve.

2.5.4 Key Technology Weaknesses

This section provides a summary of the key technology issues the department currently faces. These issues are particularly important in light of DOR's efforts to become more customer-focused.

2.5.4.1 *Inflexible Application Technologies*

Most DOR core-applications were built with older mainframe-based applications and database technologies and have proven inflexible. The COBOL/VSAM environment, which supports the vast majority of these systems, is time-consuming and difficult to update in response to new legislative or user-initiated requirements. The alternative mainframe environment, ADABAS/Natural, provides more flexibility, but is still lacking when compared with modern application development and relational database technologies.

Largely as a result of these limitations, a significant backlog of user service requests for new or modified functionality exists. The recent dedication of staff to Year 2000 compliance efforts added to this backlog problem. Some service requests have now been open since 1993, with IT staff efforts focused on the highest priority requests.

The ability to implement significant new functionality is also impacted due to the inflexibility of the existing application environment. Modern applications, such as workflow management or document management systems, would be very difficult to integrate into the existing mainframe environment, limiting many of the advantages of implementing new technology.

2.5.4.2 *Limited Data Capture/Storage*

A large portion of the information that the DOR collects and needs to do its work is not captured and stored. Routine business processes such as monitoring taxpayer activities, analyzing filing trends, and reporting summary information are constrained due to the unavailability of the data in electronic format. Much of the problem is due to the significant volume of paper documents that DOR must process. Often, the cost-effectiveness of transcribing all data from paper into a computer system is questionable, resulting in a limited portion (or none) of the data being captured. Technologies such as imaging and optical character recognition (OCR) systems to assist in the data capture efforts are only in early stages of implementation at DOR.

2.5.4.3 *Limited Use of Workflow Technologies*

Activities at DOR often reflect a workflow process, with DOR staff processing returns at different stages (filing, remittance, and collections) and communicating with taxpayers on a variety of issues. However, the core technology systems supporting these processes are document centric. There is limited implementation of technologies that allow for extensive tracking of workflow, limiting the ability, for example, of the DOR employee to know and communicate to customers the complete history of a return or inquiry. More advanced workflow technologies such as those supporting the queuing, routing, and prioritization of work are also scarce. Only in the Collections area, which has the recently implemented CACS system, are substantial workflow technologies in place.

2.5.4.4 *Systems at Capacity*

Several capacity issues afflict the mainframe application environment at DOR. During peak season, mainframe processing often runs greater than 80% of capacity. Additionally, batch and maintenance processes are so time consuming during evenings and weekends, that online availability can be delayed until these processes can be completed. Rather than optimally running once each day, certain batch programs are executed once or twice each week, due to the constrained "batch window." Finally, lack of resources requires IT staff to perform significant tape processing, which, at times, requires that all available tape drives be in use.

3.FUTURE VISION

3.1 Business Problem

The department's current technological environment is becoming increasingly difficult to maintain, and an obstacle to implementing new enhancements. Agency manual processes were developed around the functions of the existing automated system. The inflexibility of the current system, combined with changing needs and expectations, makes it difficult for DOR to meet its business objectives.

3.2 BRITS Project Mission

The Business Reengineering/ Integrated Tax System (BRITS) Project Mission is:

"To service the needs of our customers and stakeholders by re-designing and restructuring the Department of Revenue and it's supporting systems."

3.3 BRITS Project Objectives

The Business Reengineering/ Integrated Tax System (BRITS) Project Objectives are:

- Re-evaluate all current processes and procedures to determine future direction.
- Focus on essential, core business functions and how DOR can meet the needs of its customers.
- Change only what needs changing when it needs changing.
- Use the best practices of other organizations to develop milestones, objectives, targets and to benchmark DOR results.
- Simplify DOR organizational structure by "breaking down" the silos and fragmentation across traditional departmental lines.
- Inspire organizational creativity and employee involvement.

3.4 BRITS Phase I - Completed (Planning Phase):

- Reviewed tax processes.
- Documented the current processes and systems.
- Defined customer (internal and external) requirements.
- Developed a clear and common business vision.
- Made recommendations for changes based on best practices and industry trends.
- Completed a Procurement Document (PD) for the purpose of selecting a potential business partner who will be responsible for the financing, development and implementation of a new system.
- Completed accurate project budget estimates.

4. FUTURE ENVIRONMENT VISION

DOR cannot achieve its strategic objectives in its current environment. Most of the existing operational processes are manually intensive, outdated or dependent on what the current system provides and how it provides it. The department's current technology primarily supports the way tasks have historically been completed. Further, the current technology does not provide a platform that allows flexibility, enhanced services or increased functionality. Technology has enabled other states to be more innovative in improving tax administration. DOR has had limited opportunity to utilize technology to enable the agency to provide better services, taxpayer filing options, improved processes, etc.

The future environment envisioned in the strategic plan will allow the department to implement organizational and cultural changes which will result in knowledge-based workers sharply focused on providing excellent customer service. The implementation of technology enhancements will serve as an enabler in attaining our strategic objectives. The department's customers' and stakeholders' expectations are constantly changing, and the department must be able to respond to change in order to satisfy their expectations.

Today's information industry provides enormous opportunities that can dramatically assist in fulfilling the department's objectives by allowing easier and more timely access to taxpayer information and by placing the applications in the hands of the users. The future environment envisioned in this RFP will provide the infrastructure, systems and processes that will allow the department to react quickly and to proactively meet customers' needs, as well as other business objectives.

This section of the RFP describes the department's vision for how the agency may operate its core business in the future. The business solution description is a high-level description of how the system may work, and is not meant to dictate design. A complete understanding of the department's vision requires a thorough understanding of each of the components of the future architecture. A description of each segment is included in this document. The department's vision emphasizes improving our ability to provide excellent customer service and promote voluntary compliance by providing our employees easy access to the tools and information they need. Technology is viewed as an enabler for implementing reengineered business processes that are closely aligned with DOR's strategic objectives. There are a number of characteristics that, at a high-level, describe the department's vision, such as the ones listed below:

1. The department's future systems will use external data sources whenever possible to limit customer burden. Not all data sources have been identified, and potential business partners are encouraged to propose alternative sources of data and methods of capture.
2. Online screens will be designed to support an activity - i.e. all of the information required to answer a taxpayer's question will appear on a single screen.
3. The new environment will be designed to have as many paper-less processes as possible.
4. Integrity of data will be ensured.
5. Reengineered processes will place the customer first, while avoiding many future cost increases.
6. Applications will be integrated, allowing movement of information and initiating actions across application boundaries and interfacing seamlessly with other systems where necessary.
7. System flexibility will be ensured through use of structured database design and development techniques that enable modifications to be made within acceptable timeframes and costs.

9. The concept of “End-User” computing will be supported by allowing business users to access, select and analyze data with a minimum of information systems staff involvement and at minimal cost.
10. The new environment will allow collaborative creation and editing of documents.
11. A non-redundant set of data about taxpayers will be provided, with proper security access provisions.
12. Quality control will be enhanced by the capability to individually customize management reports, as well as data security and integrity.
13. Processing delays will be reduced by use of online real-time technology.
14. Automation of manual processes will provide timely information to personnel and reduce paper processing and related expenses.
15. All authorized users in the central offices and remote sites will have the ability to access system data within data level security constraints.
16. Security access to the system will be centralized so that any modification is automatically carried across all sub-systems. Each new system user will have access to the necessary screen based on their job function.
17. Cross-system training requirements will be reduced by developing and adhering to standardized access and interface requirements.
18. The use of Graphical User Interface (GUI) screens will ensure ease of use.
19. The future environment will facilitate timely, accurate, and seamless communication within the central office, remote sites, districts and localities.
20. The environment will facilitate training within the central office, remote sites, districts and localities.
21. Future systems will include extensive online help and online research capabilities, including policy information.
22. Managerial reports that can be customized to meet the user’s needs will be available online.
23. The system and associated processes will be flexible and permit easy adaptation to changes in federal, state and local taxation tax laws, rules and regulations.
24. All information sent to outside customers appears identical to the information as it appears to authorized users.

5. SYSTEM SCOPE

5.1 Future Systems Architecture

The department’s future systems architecture is a logical model of DOR’s future information technology systems. It includes an application and data architecture.

5.2 Finalization of Requirements

This RFP specifies the business problem and future vision for DOR. Most functional and performance requirements can be directly inferred from the information contained in various components of this RFP. An initial task during the proposal development phase of this project will be for the potential business partners and

DOR to jointly validate and finalize DOR's requirements for future systems. This will necessarily include finalization of those requirements that will be addressed in Stage I of the project, and those that will be addressed in later stages. DOR and the potential business partners should agree to a requirements definition early in the proposal development phase of the project. The approved requirements must be included in the potential business partners' proposals, along with an explanation of how each requirement will be addressed in the system.

5.3 Conceptual Design for Entire Architecture

The potential business partners should include in their proposals a conceptual design for the entire future systems architecture. This conceptual design should demonstrate that the potential business partner understands the entire architecture. In addition, the design should show that all systems and processes are planned in a manner that represents a sound approach for facilitating future development of the remaining components of the architecture.

5.4 Operational Policies and Constraints

The potential business partner shall abide by Internal Revenue Service confidentiality requirements as contained in Internal Revenue Code Section 6103(d). Further, the business partner shall be guided by Title 42 and 43 of the Arizona Revised Statutes (the "Tax Code"). The proposed business solution shall be responsive to all statutory deadlines as contained within the Tax Code. In addition, the business partner shall be bound by administrative rules promulgated under the Arizona Administrative Code that may have deadlines imposed by such rules. Moreover, any business solution proposed by the potential business partner must be approved by the State information technology project oversight authority, as contained in A.R.S. §41-3505 and §41-3521.

5.5 Overview of Integrated Tax System Conceptual Architecture

The Conceptual System Architecture is a logical determination of the major components of a system and their defined inputs and outputs. It includes three main layers: the Interface Layer, the Application Layer and the Data Layer.

While DOR's entire Conceptual System Architecture is depicted in the diagram in Section 5.6, key aspects of the architecture include:

- Multiple Input Media (no wrong door) with immediate automated system data capture (no paper).
- Process-oriented, integrated systems.
- Customer Relationship Management System (CRM) that records every customer contact.
- Workflow System that controls internal transaction processing.
- Integrated Operational Data Repository that stores all data in normalized, integrated database.
- Data Warehouse/ Decision Support System for point in time and trend analysis for management feedback.

5.6 DOR Proposed Revenue System Conceptual Architecture

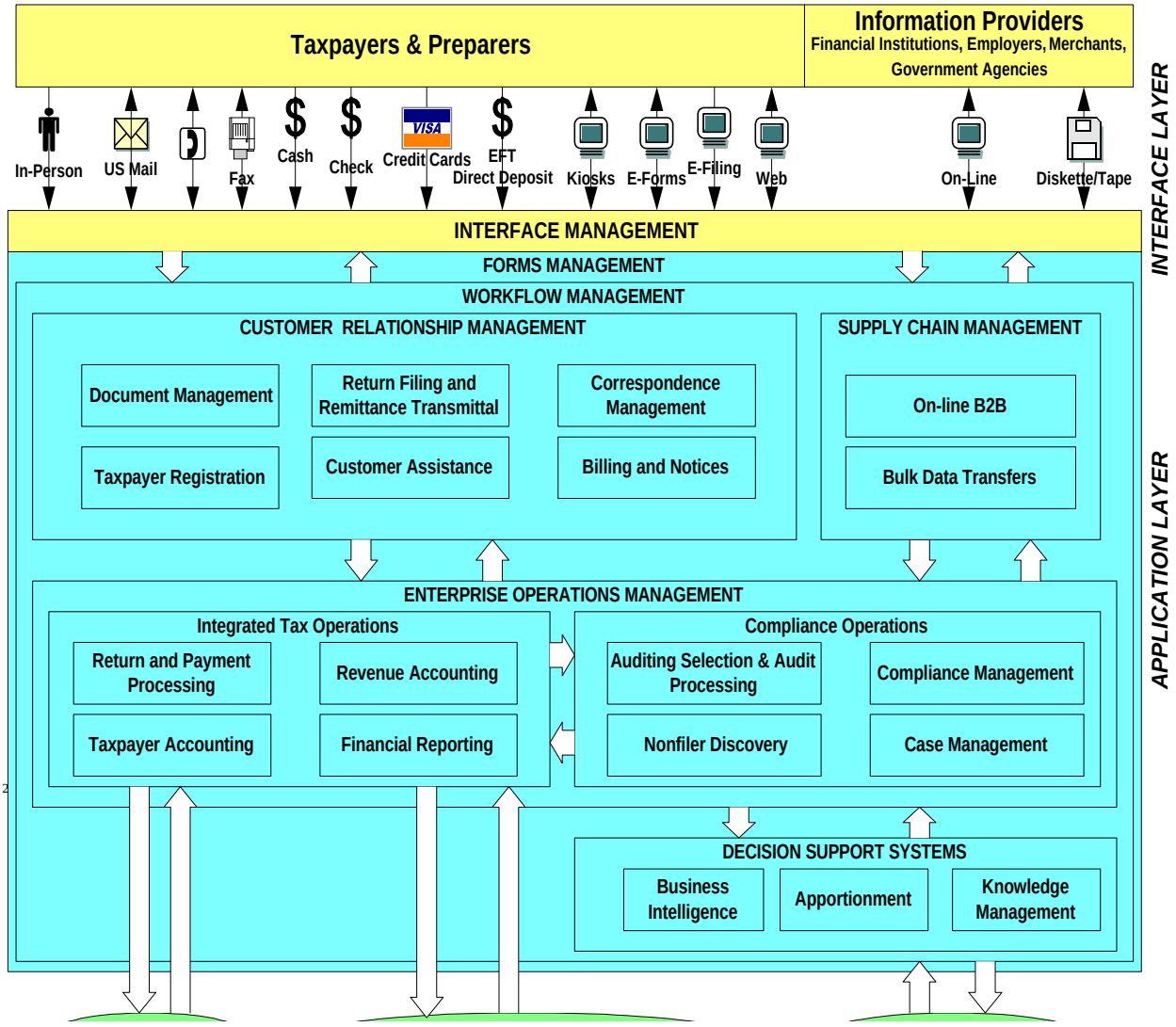
To adequately describe the planned business requirements and the supporting required technology, DOR has developed an overriding conceptual architecture of its future operations and systems. This architecture is shown in the following diagram and is described through out the remainder of this chapter. Note that the architecture concerns three major components and their sub-components:

- Interface Layer
- Application Layer
- Data Layer

ARIZONA DEPARTMENT OF REVENUE

INTEGRATED REVENUE SYSTEM

CONCEPTUAL ARCHITECTURE



6. DOR STAKEHOLDERS

DOR has a variety of stakeholders that can be grouped in overlapping categories of customers, information providers or information consumers. Since both customers and information providers are information consumers, we can most easily categorize DOR stakeholders as follows:

6.1 DOR Customers include:

- Individual Taxpayers
- Corporations
- Businesses
- Internal Customers

6.2 DOR Information Providers (and also customers) include:

- Taxpayer Representatives
  - Certified Public Accountants (CPAs)
  - Attorneys
  - Enrolled Agents
  - Practicing Accountants
  - Payroll Companies
  - Others
    - Governments
      - Legislature
      - Other State Agencies
      - Counties
      - Cities
      - Federal Agencies
      - Courts
      - Law Enforcement Agencies

7. SERVICE DELIVERY CHANNELS

DOR stakeholders are a diverse group consisting of members of the public, the business community and governmental organizations and they possess a variety of skills, means and interests regarding their communication with DOR. Accordingly, DOR intends to maintain its current service delivery channels (media through which service is delivered) but to also expand its repertoire of service channels. Among the service delivery channels that must be supported by the proposed system are the following:

7.1 In-Person

Notwithstanding the myriad of other options, customers still have the ability to walk into a DOR office and conduct business face-to-face with a DOR employee. The employee has full access to a customer's information, and has the authorization to accept payments and make account adjustments to ensure that the customer's transaction is completed before leaving.

7.2 Mail

Mail continues to be an important, often-used channel. Customers use mail to file returns, send remittances, and provide information, although DOR encourages customers to use electronic channels when available.

7.3 Telephone

Use of the telephone to reach DOR provides customers with many options. An Integrated Voice Response (IVR) system with access to the real-time data repository provides customers with current information such as refund status. Of course, customers may talk directly with a DOR employee if desired. The proposed system must additionally support Telefile, a method of filing tax returns via a touch tone telephone and "pay by phone", a method of making payments via a telephone.

7.4 Facsimile (Fax)

Customers have the ability to fax information to DOR, and to request that DOR fax information to them. DOR employees have the ability to automatically fax items such as tax forms, correspondence, and accounts summaries directly from their workstation.

7.5 Kiosks

The department may consider using kiosks to provide an additional method of receiving and responding to customer inquiries.

7.6 E-mail

The e-mail channel is widely used at DOR. Customers make requests and respond to inquiries by e-mail. Customer e-mails can include electronic attachments such as filled-out forms. DOR communicates with customers by e-mail if a customer desires, and can include attachments such as DOR forms. E-mails are also used to provide links to information and forms on the DOR website.

7.7 E-Forms

Customers fill out electronic forms to provide information to DOR. Data from e-forms is automatically uploaded to the new system, eliminating the need for re-keying by DOR.

7.8 E-Filing

Electronic filing of returns and electronic payments is increasingly prevalent. DOR provides customers several choices to electronically file returns, whether through taxpayer service providers (such as H&R Block), software providers (such as Intuit), or directly to DOR via telephone or Internet.

7.9 E-Payments

Electronic payment of balances due is supported through mechanisms such as direct deposit, EFT, and credit cards.

7.10 Web access

For certain activities, customers have the ability to electronically access and query or update their information over the Internet. Authentication takes place through secured encryption.

7.11 On-line Access

DOR has relationships with other government agencies such as MVD and DES and the IRS in which it is advantageous to allow those agencies limited direct access to DOR databases. With proper security controls, this improves the productivity of those agencies as well as lowers the labor effort of DOR in support of them.

8. INTERFACE MANAGEMENT

8.1 General Requirements for Interface Management

The interface management component of the DOR application architecture will use an array of technologies to efficiently and effectively interact with taxpayers, other outside parties, and the DOR integrated tax system. This involves technologies for capturing returns, electronically interfacing with other governmental agencies, and improving internal processes. The intent of this component is to standardize any and all inputs from whatever media into a single, uniform format so that they will be available to the workflow management component for routing, processing and storing in a matter that is independent of the input media.

DOR envisions capturing all needed data one time at its source to support accurate and timely processing and to allow customers to track their returns and payments through processing. Digital data sources will be preferred, as these provide the most efficient method of data capture. DOR envisions using technologies, such as Optical Character Recognition (OCR) and two-dimension and three-dimension bar coding, to facilitate the capture of needed data from documents.

The interface management component would be a flexible data input, validation, and posting system that could support multiple tax types/forms/years, as well as accept data from multiple input sources. Various input mechanisms could/should be available to the department. These include:

- Paper
- Optical character recognition (OCR)
- Intelligent character recognition (ICR)
- Imaging
- Magnetic Tape & Disk
- Image-assisted data entry
- 2-D and 3-D Bar Coding
- Electronic funds transfers (EFT)
- Electronic filing
- Credit card payments
- Facsimile (fax)
- Telephone
- Video Conferencing

The interface management component will allow for inputs from other governmental agencies such as the IRS, to gather and disseminate information. This will include the ability to accept W-2 information electronically and directly from the federal government as it becomes available. The potential business partner will analyze and evaluate sources of external data. For example, capturing this information will allow the Enterprise Operations System to verify withholding credits claimed against the W-2 database. This feature would eliminate current methods of input and eliminate the need for review of input from paper W-2s.

The interface management component will also be easily extensible to accommodate other interface technologies such as Automatic Call Distribution (ACD) for handling taxpayer service calls and Automatic Dialing for outgoing taxpayer service and compliance calls.

In addition to return and remittance data, DOR will also collect customer satisfaction data to help the department continuously improve its processes, measure achievement of performance targets and incorporate customer feedback in its strategic planning efforts.

8.2 Detail Requirements for Interface Management

- Provide a flexible, generic front-end that is able to accept input from various technologies.
- Image paper transmittals for data capture and storage.
- Capture information needed for back-end systems including audit and collections.
- Captured images of all returns, schedules, and correspondence will be available immediately at the desktop, including district offices.
- Provide flexibility in what line-item data is captured on the forms/schedules and accommodate annual form modifications by form type and/or input mechanism.
- Allow for ACD and efficient outbound call campaigns.
- Capture W-2 images and W-2 data to allow for comparisons between employer and employee reported withholding information.
- Provide security controls that ensure access to returns and images by employees on a "need-to-know" basis only. Access control to field level is required.
- Provide a system that is not ‘tax type’ specific.
- Provide ability to immediately send a requested copy of a taxpayer’s return.
- Provide ability for extensive edits on all data entered into the system in order to ensure data integrity.
- Provide for all data to be updated in a timely and accurate manner regardless of the source of data (internal versus external).
- Provide ability to view electronically-submitted returns and schedules through the imaging system.
- Provide ability to accept and process facsimile (FAX) tax returns.
- Provide ability for OCR and ICR for all documents processed. Characters that cannot be read by the equipment will be keyed from images instead of paper.
- Provide ability to accept and process electronically-filed business tax returns.
- Provide ability to accept electronic data from external sources and use the data where needed (i.e., supply missing information on returns, complete missing registration information, etc.).
- Provide ability to allow telephone entry of a taxpayer account number to allow the taxpayer’s account to automatically display for the customer service representative.
- Provide ability to allow users to modify the system form definitions. Form changes would be easily accommodated without losing prior year form layouts.
- Provide ability to accept credit card payments for tax liabilities. Customer service representatives or collection agents will be able to verify credit cards from their workstations.

- Provide Internet access to integrated tax system by DOR employees in remote locations.
- Provide security-controlled access by city and county customers to their accounts.

Channel	*Inquiry*	*Return Filing*	*Payment*
In-Person	Verbal	Paper	Check, Credit Card, Cash
Mail	Paper	Paper	Check, Cash
Telephone & Interactive Voice Response (IVR)	Verbal	Telefile	Pay-by-Phone, Credit Card, Debit Card
Fax	Fax Format CCITT G3	CCITT G3	None
E-Mail	Simple Mail Transport Protocol (SMTP)	Simple Mail Transport Protocol (SMTP)	None
E-Forms	Federation of Tax Administrators TIGERS Project XML	Federation of Tax Administrators TIGERS Project XML	Federation of Tax Administrators TIGERS Project XML
E-Filing	IRS Standard	IRS Standard	IRS Standard
E-Payments	None	None	EFT, Direct Deposit, Credit Cards, Debit Cards
Web-Access	HTML	XML	EFT, Direct Deposit, Credit Cards, Debit Cards

9. FORMS MANAGEMENT

9.1 General Requirements for Forms Management

Currently, separate data entry screens, validation programs, and error resolution logic have been developed for each tax type and form, even though the basic functions are similar across the different taxes. By developing tax specific programs, several problems have resulted:

- Long lead times are required to make programming changes when legislative changes modify tax rates or line items.
- Back-end programs to view, modify or report on line-item data must be individually programmed and maintained based on tax type and form year.
- User training is more complex since the screens vary by tax type.
- Development of a generalized audit selection process is difficult since line item data is not stored consistently.

What is needed is an end-user tool that enables the development of applications programs that separate the business function logic, the tax form specifics, and the actual line-item data. The design concept relies on developing programs that merge the generic processing logic with a program that contains the tax/year/form specific requirements, acting as an interpreter or template to the actual line-item data. Each tax/year/form's specific requirements would be defined through an online application and stored in a database accessible by any of the processing programs.

9.2 Detail Requirements for Forms Management

1. Provide the ability to design tax forms that are customer-oriented rather than DOR process-oriented.

Forms will be customer-friendly and easy to complete.

2. Provide a Forms Definition Facility (FDF) that permits DOR program staff the ability to design and modify tax forms and link them to specific business logic and specific line-item data storage locations.

10. WORKFLOW MANAGEMENT

10.1 General Requirements for Workflow Management

The workflow management component will support the completion of DOR tasks by managing the entire process of work through the department from initial capture until archived. For example, a filed return processed in the Return Processing System may be incomplete due to some error or omission and will need to be routed to the notices and billing component for issuance of a notice to the taxpayer. Once the taxpayer has amended the return, the workflow management component will recognize its status and continue along its path toward eventual archiving**.**

10.2 Detail Requirements for Workflow Management

The workflow management component, through its incorporation of business rules, would route the task of resolving the issue to the appropriate (or available) DOR individual or section/unit. Important functions to be done by the workflow management component include:

1. Grouping – Electronically "grouping" letters, employee notes, etc., to a return (and a customer account) so that they can be located and processed together.
2. Routing – Electronically "moving" documents, forms and data from one worker's electronic "out-box" to another worker's electronic "in-box".
3. Assigning – Based upon configurable business rules determining who is eligible to receive the documents, forms and data, and based upon configurable business rules, who is most available to receive the particular work at that time.
4. Queuing – Holding work and prioritizing it for each worker based upon configurable business rules.
5. Productivity Reporting – Determining the workload and efficiency of workers as a measure by which to adjust the processes for greater overall efficiency and productivity.
6. Annotating – Adding notes to a document or record as with a case file.

In addition, the workflow management component should also:

1. Operations Manuals – Maintain updated information on key business processes and use of the system through documentation and version control.
2. ISO 9000 Compliance – Be compliant with ISO9002 standards for workflow management systems, including version-controlled on-line procedural manuals, work instructions, and supporting records.

11. CUSTOMER RELATIONSHIP MANAGEMENT

11.1 Document Management

11.1.1 General Requirements for Document Management

DOR will store data gathered from current and past returns, which will enhance the department's ability to conduct analysis and to share tax data with other agencies. Using electronic storage of data, the department will minimize the need for physical document storage and ensure that needed data is readily available electronically.

The data captured will be stored electronically so that it may be used in a variety of ways throughout the department. For example, the data may be used by DOR senior management in generating ad hoc reports and by tax policy analysts in developing "what if" scenarios of proposed legislation for the executive and legislative branches of State government. The department will also be able to share data, within the limits of the law, with other State agencies to develop revenue projections and other financial models.

The document management component would manage the electronic storage and retrieval of tax record images. Paper returns and other important documents will be scanned, imaged, indexed and stored for on-demand access.

11.1.2 Detail Requirements for Document Management

- Provide ability to image all pieces of paper received by DOR (i.e., returns, schedules, correspondence, W-2s).
- Support the imaging and inventory of all paper-based documents.
- Allow concurrent, multiple-user inquiry of a single document.
- Log all accesses to taxpayer return images.
- Provide ability to ensure that duplicate documents are not being processed.
- Provide ability to "age" documents to ensure timely processing of them.
- Provide ability to access data captured up to six years prior, for use in the current period in processing amended returns.

11.2. Taxpayer Registration

11.2.1 General Requirements for Taxpayer Registration

Because DOR has a diverse customer base and because it wishes to be customer oriented, DOR will make every reasonable interface media as easy and convenient to use as possible. It will also promote the use of the Internet, and especially e-filing, as a convenient and efficient means of registration. The department will facilitate the use of e-forms for registration by supporting the use of digital signatures, or some similar alternative. It will also support the use of digital signatures, or some similar alternative, for other transactions with its customers, specifically for accepting Power of Attorney forms from taxpayer representatives.

DOR taxpayer registration component will automatically create a unique customer account for a new taxpayer when a tax transaction occurs (e.g., return, assessment, and evaluation.). DOR will electronically capture all taxpayer information provided through the registration process. Core demographic information such as name and addresses will be stored in a single place. Where customers may have business with the State across multiple tax types or licenses, a single customer identifier will be used for all such records. Only additional registration information specific for that tax type or license will be required, and linked to the existing customer record. Once a customer is registered, the department will automatically send educational information to the customer and offer assistance.

To make registration easier for customers, DOR will work with other state agencies, cities and the IRS to develop a "one-stop shop" website for all types of licensing required for entities doing business in the State. The department will also continue working with other providers of license applications to ensure prompt customer registration. The department will provide for in-field registration by providing wireless communications to DOR employees who call upon new businesses.

To ensure accurate customer accounts and provide prompt account maintenance, the department will develop a fully integrated database to maintain all current and historical customer information in a single place. DOR will accept requests from customers for changes to the non-financial information in their accounts electronically over the Internet or on paper through the US mail, through fax, or in-person. Customers will be able to make certain changes to their account over the Internet themselves, using a Personal Identification Number (PIN), a digital signature or other electronic authentication, approved by DOR. Account changes and interactions with customers about account maintenance will be logged to ensure quality and accuracy of customer account data. Necessary changes to that information will apply to all records for that customer. Each change will be automatically recorded into the activity log, and historical demographic information will be maintained.

Financial adjustments to customer accounts will be done through a "one-stop" approach, where department staff may make changes to all aspects of the customers account within security restrictions. DOR staff will be able to make financial adjustments in real time on-line, once the adjustment is approved, and will verify the adjustment with the customer either through e-mail, an automatically generated letter or fax, or through on-line inquiry done by the customer.

On-line registration will be provided in such a way that customers can complete their registration via the web without necessarily needing DOR staff assistance. The registration component will ask the customer a series of questions which, when given answers, may prompt further questions. This dialogue will continue until all the data necessary for a "complete" registration is entered.

The system will ensure that taxpayers are not registered more than once and that taxpayers are registered for all taxes for which they are liable. If the information entered is incomplete, a registration case would be automatically triggered for follow-up. The system will recognize "trouble" accounts that require bonds and will store bonding requirements and fees.

The system should accept input from the IRS, and other sources. Post Office address changes also will be input for both individuals and businesses. Additionally, future expansion would allow taxpayers access to the system so they may initiate certain actions, such as business closings. When the data was incomplete, a case would be triggered for follow-up.

By guaranteeing that taxpayers are correctly registered, customer service would be improved, back-end exceptions requiring adjustments would be minimized and revenue would be increased as tax eligibility verification would be performed at the time of registration, not as an enforcement tool.

11.2.2 Detail Requirements for Taxpayer Registration

1. Provide ability to obtain all information necessary during the registration process. To limit customer burden, utilize alternative data sources, when possible, such as the Motor Vehicles Division (MVD) for taxpayer's age, address, etc.
2. Provide a single taxpayer customer identification even when customer has accounts for multiple tax types.
3. Link all previous customer identification numbers to the single taxpayer identification.
4. Link all amended returns to the single taxpayer identification.
5. Link all delinquency processing for period prior to the single taxpayer ID to the single taxpayer identification.
6. Provide ability to automatically verify that businesses are registered for all appropriate taxes.
7. Provide immediate access to information identifying business taxpayers' exemptions, employees, and assets.

8. Provide employer/employee cross-reference to verify withholding filing, size of business, audits selection, and payroll factor.
9. Provide ability for name and address standardization and the capability for a phonetic name/address search for online and batch inquiries and matching purposes. Partial name/address searches should be allowed. For example, keying in “studio” would match any taxpayer with the six letters “studio” in their name. Searches should not be case specific and “combination of words” searches should be allowed. For example, keying in “photo! or portrait w/ 10 studio” would match photographic or portrait studios. Also allow universal characters, such as “*” or “!” to represent any single character or combination of characters.
10. Provide ability for retention of, and immediate access to, registration history (e.g., address changes, identity of user making changes) for all registration fields for active accounts.
11. Provide ability to purge registration information for inactive accounts with the ability to reinstate the account if necessary.
12. Provide ability to ensure address standardization and verification for validation and matching purposes.
13. Provide ability to identify the local government jurisdictions in which a taxpayer is located. A given taxpayer may be located in a city, a county and a special district, all of which have tax implications for that taxpayer.
14. Provide ability to maintain more customer data (e.g., demographic information, age, primary language spoken, etc.) to assist in customer relationship management.
15. Provide ability to maintain multiple addresses (physical, mailing, etc.) for individual taxpayers.
16. Provide ability for automatic update and maintenance of an invalid address indicator when it is determined that an address is invalid to prevent erroneous mailings and wasted postage.
17. Provide ability to send returns and coupon booklets and identify when, what type(s) of returns or coupon booklets were sent to taxpayers, and where they were sent.
18. Provide ability to easily locate taxpayers that have moved and not notified DOR of a forwarding address.
19. Provide ability to access taxpayer information by multiple search criteria (i.e., name, address, federal employer number, Standard Industry Classification (SIC) Code, etc.) and ability to search on incomplete field contents (i.e., last digit of SSN is unknown).
20. Provide ability to select taxpayers by SIC codes,North American Industry Codes (NAIC) codes, and future coding systems.
21. Provide ability to validate registration information, such as federal employer number, SIC code, SSN, etc. Provide procedures to identify and correct information in error.
22. Provide access by Federal Employer Identification Number (FEIN) on all accounts to allow more effective comparisons to external data sources.
23. Provide ability to accurately capture TPT consolidated filer information.
24. Provide ability to prevent successor registrations with prior delinquencies on the same business.
25. Provide ability to recognize seasonal filers registered under consolidated accounts.
26. Provide ability to combine online all return, accounting, and correspondence data from one account to another and to transfer online specific return, accounting, or correspondence data from one account to another.
27. Provide ability to update taxpayer area codes and zip codes when the telephone company and post office initiate a mass change.
28. Provide ability to easily add newly created state agencies.
29. Provide ability to search by address to identify all taxpayers using a specific address.
30. Provide decentralized applications with appropriate controls, security, and training to employees in district offices and local governmental offices.

31. Standardization of name and address information will facilitate increased effectiveness of existing matching programs, and allow development of new/expanded matching programs.
32. Ensure that responsible employee information is accurately captured at the time of registration.
33. Allow DOR to identify taxpayers that are registering strictly for TPT to obtain an exemption certificate.
34. Allow DOR to identify taxpayers that are registering for a new account under a different name, but in reality are registered already with outstanding liabilities.
35. Eliminate taxpayers from being registered under different account numbers for different tax types.
36. Provide immediate access to information identifying business taxpayers exemptions and assets.
37. Provide automatic update and maintenance of the invalid address indicator, allowing for more effective compliance actions.
38. Utilize numerous sources to locate good addresses, phone numbers, etc. on taxpayers.
39. Provide online interactive registration to add and maintain taxpayer data.
40. Provide for batch registration from outside sources.
41. Allow phone input of filing closures and address changes.
42. Completely validate all registration data including tax liability cross checks.
43. Create exception cases for online follow-up for incomplete registrations.
44. Provide for Power of Attorney (POA), Waiver of Confidentiality and similar authorizations.
45. Provide ability to generate correspondence to the taxpayer that specifically addresses the tax filing requirements that pertain to his business function.
46. Provide ability to capture and store bank account and routing and transit information.
47. Provide ability to capture and transmit data to the IRS and other business licensing agencies (e.g., Department of Economic Security for Unemployment Insurance).
48. Provide new licensees with complete taxpayer-specific information on tax rates, filing requirements, allowed deductions, and related matters.

11.3 Return Filing and Remittance Transmittal

11.3.1 General Requirements for Return Filing and Remittance Transmittal (RFRT)

The system must provide the ability to support multiple media (service channels) for the filing of tax returns and the transmittal of remittances.

For Return filing, these include:

- Paper forms via US mail, facsimile (fax) and in person
- Telephone filing (Telefile)
- Magnetic media (Tape and Disk)
- Internet (E-filing)

For remittance transmittal, these include:

- Cash
- Checks
- Credit Card
- Direct Deposit
- Debit Cards

- Electronic Data Interchange (EDI) via ANSI X.12
- Electronic Funds Transfer (EFT) via Automated Clearing House (ACH)

The Return Filing and Remittance Transmittal (RFRT) component must:

- Accept e-filings in a standard format based on Extensible Markup Language (XML).
- Develop a conversion program to convert State of Arizona remittance transfers into the DOR standard e-filing format.
- Accept a single return and remittance for all tax types applicable to a business, and provide an automated application, much like the tax return preparation software applications currently available, that will "walk the taxpayer through" the completion of required forms.
- Correctly and quickly distribute receipts per statutory formulae.
- Allow taxpayers to easily amend a filing for at least six years passed.
- Permit tax practitioners to aggregate returns and provide a single payment, and accept composite returns (e.g., for partnerships).
- Accept returns filed on behalf of a taxpayer by a third party, and allow the taxpayer to review that information prior to its use by DOR.
- Accept authenticated electronic Power of Attorney (POA) representation agreements, and integrate this with the information provided on the return.
- Accommodate e-filing by all tax practitioners of significant size.
- Enable DOR to easily allocate payments to each tax type based on the customer's direction, or based on allocation rules if the customer does not provide direction.
- Enable DOR customers to control, within legal requirements, the date and time at which funds are withdrawn from customer accounts and applied to a tax obligation.
- Permit DOR customers to use the telephone or Internet to track their returns and payments through processing within DOR.
- Allow DOR staff to easily move a payment from one customer account to another customer account, and to move a payment from one tax type to another tax type for a given customer.
- Support the batching, validation, error resolution, posting, and subsequent adjustment of all tax forms and payment vouchers.

11.3.2 Detail Requirements for Return Filing and Remittance Transmittal (RFRT)

11.3.2.1 *Return Filing*

1. Provide ability for taxpayers to file their return by the method that is easiest for them (e.g., Internet, telefiling, EFT, electronic filing, etc.).
2. Provide ability for routine and simple error conditions to be corrected at the time the return is initially examined.
3. Provide ability for an audit trail and for immediate access to "as reported" return information (an exact copy of what the taxpayer submitted) for all tax types.
4. Provide ability to ensure all documents received together will stay together.
5. Provide ability to recognize when there are two or more returns filed for the same taxpayer and same period, and compute any difference of the bottom line of the returns.
6. Provide ability to enter returns online for walk-in taxpayers and print a copy of the return.
7. Provide ability to identify taxpayers whose Social Security numbers were mis-keyed or mis-scanned, prior to complete processing.
8. Provide ability to recognize state agency returns and allow waiver of penalty on late-filed returns.
9. Provide ability to process taxpayer created forms.

11.3.2.2 *Remittance Transmittal*

1. Provide ability for efficient processing of multiple transactions. For example, when a taxpayer sends in one check along with 55 vouchers or returns for different taxes or vice versa.
2. Provide ability to ensure return payments are matched to the appropriate return by processing the returns and checks together.
3. Provide ability to accurately capture all bank account information on all payments.
4. Provide ability to transfer payments between accounts
5. Provide ability to automatically reverse payments as necessary (such as for bad checks)

11.4 Customer Assistance

11.4.1 General Requirements for Customer Assistance

11.4.1.1 *Customer Inquiries*

The goal of the customer assistance component is to provide high quality, accurate responses to customer inquiries the first time the inquiry is received. The customer assistance component will receive customer inquiries from a variety of media, including e-mail, e-forms, fax, US mail, telephone and in-person as processed by the Interface Management component.

The customer assistance component will provide skill-based routing of inquiries and queue management supported by workflow software to track the status of inquiries. For inquiries that cannot be handled immediately, customers will be able to access the status of their inquiry through the Internet and through an Integrated Voice Response (IVR) System.

The customer assistance component will enable taxpayers to contact DOR staff in an escalation strategy; first by e-mail, then voice and finally in person based upon the complexity of the taxpayer situation.

11.4.1.2 *Customer Education*

The goal of the customer education module of the customer assistance component will be to take advantage of new technologies to provide greater educational opportunities for DOR customers. This will include on-line learning through the department's website and educational information on compact disk. It will include useful research information on DOR's website, including links to other sites and resources. The customer education

module will utilize e-mail as an additional channel to provide notification to customers about rate changes or information to assist in preparing returns. Finally, it will include the ability to provide Internet-based chats between DOR customers and DOR management.

The customer education module will provide website tax tutorials using intelligent agent software to teach and guide taxpayers through an understanding of tax requirements. The site will enable taxpayers to receive answers to tax law and tax form requirements without the immediate aid of DOR staff. The website will allow taxpayers to anonymously test the implications of various tax reporting approaches.

11.4.2 Detail Requirements for Customer Assistance

11.4.2.1 *Customer Inquires*

1. Customer Relationship Management (CRM) software that tracks all contact (regardless of contact media) with a customer and records request and actions taken by employee.
2. CRM that makes available on-line to all customer center and other DOR staff with a need to know, the current and entire history of customer contacts and links them with all customer account records and images.
3. CRM that records by customer all actions taken within DOR regarding a customer, detailing the exact action, the date and time, the employee taking the action, the employee approving the action.
4. CRM will use DOR staff skills database and the workflow management component to route inquires to the most knowledgeable and available staff member.
5. CRM will utilize DOR website, IVR and e-mail response systems to inform a taxpayer of the status of an inquiry.
6. IVR component will have a Spanish-language option.
7. CRM will have an escalation strategy for the management of customer inquiries beginning with web-base software controlled text-base solutions, then e-mail, then telephone communication, perhaps Internet-based video conferencing and finally via an in-person appointment.
8. CRM will tie all customer contact information with all customer document images and data as required.

11.4.2.2 *Customer Education*

1. DOR website will post Frequently Asked Questions (FAQs) in a hierarchy of questions that will provide real assistance to customers.
2. DOR website will provide links to a variety of useful website including those of the IRS, Federation of Tax Administrators (FTA) and many others.
3. The customer education component will integrate with DOR e-mail to “push” notifications to tax practitioners and others regarding rate changes in State tax law and other information of use in tax preparation.
4. The customer education component will provide DOR website chat and Internet based video conferencing capability.
5. The customer education component will provide tax tutorials using intelligent agent software to guide taxpayers through an understanding of tax requirements.

11.5 Correspondence Management

11.5.1 General Requirements for Correspondence Management

For taxpayer mailing, both incoming and outbound, a correspondence management system is required. All taxpayer correspondence received by DOR will be indexed, imaged (if on paper or fax), and associated with

both the authoring taxpayer name and a taxpayer account identification number (if one exists). For outbound mailings, correspondence will be generated by combining integrated tax operations data with the flexibility of a desktop word processor. The result would be more consistent, professional taxpayer correspondence. This flexibility would be for either online requested notices or batch generated requests. Printing could be at a centralized laser printer to take advantage of bulk mailing discounts and folding/insertion equipment. Optionally, letters could be printed locally where additional attachments or signatures could be added.

11.5.2 Detailed Requirements for Correspondence Management

1. Provide ability to automatically match any correspondence received to the appropriate error return or any return waiting for correspondence.
2. Image, route, and track all incoming taxpayer correspondence.
3. Allow for either online or batch generated (or a combination) notice requests from any other systems.
4. Allow for database variables, shell text, variable paragraphs and free form to be combined in a single document.
5. Support multiple page letters and bills, including delinquency letters that include attachments to summarize the liability on the account.
6. Support the sorting of multiple letters and supporting documentation to the same taxpayer to be combined in one mailing.
7. Support multiple copy generation, alternative routing instructions and reprinting.
8. Allow for notices to be viewed online, before and after printing, in their entirety. Also allow letters to be stopped or deleted prior to printing.
9. Scan returned mail to update address information; resend accordingly.
10. Support different mailing classes and maximize postal discounts.
11. Provide ability to re-create paper documents that have been sent to the taxpayer.
12. Provide ability for the correspondence system to allow for quick and easy additions of documents and changes to documents. The system will allow for various formatted letters, memos and documents.
13. Provide ability to automatically investigate all incoming correspondence and take the necessary corrective action.
14. Provide ability to create free format letters with punctuation, paragraphs, personalized and with wrap feature.
15. Provide ability to have letters returned to the user generating the correspondence.
16. Provide immediate access to correspondence history information.
17. Provide ability to generate correspondence or other types of taxpayer mail electronically.
18. Provide ability to generate and track automatic deadlines.
19. Provide ability to generate automatic notices.
20. Provide ability for correspondence to be automatically matched to any related document (i.e., return, bill, etc.).
21. Provide ability to correspond with designated Power of Attorney (POA) in lieu of, or in addition to, the taxpayer.

11.6 Billing and Notices

11.6.1 General Requirements for Billing and Notices

1. DOR needs to be able to send a single notice to businesses. For example, when new licenses are issued for two types of license and the applicant failed to provide a federal taxpayer identification number (TIN), DOR currently sends separate notices for each license. This request must be consolidated in a single correspondence.

2. Billing and change notices should mirror what the screens show, both the information and the template.
3. Change notices should provide line by line changes on a return.
4. Change notices should show department calculations of all penalty and interest accruals.
5. Change notices should not be restricted by amount of characters or pages.
6. Change notices should calculate penalties and interest to a future date and advise taxpayers of how much to adjust the bill for an earlier payment.
7. Change notices should state not only the amount of the change for the given return but also a balance carry forward on the account.
8. Since taxpayers file multiple returns at the same time and DOR can generate change notices for multiple returns in a given run, the system should consolidate multiple change notices into one mailing and only show the account balance in the last notice in the series.
9. Management reports should be able to generate data as to the number and dollars in change notices generated by type of cause so the department can adjust training as necessary to address common problems.
10. Statements should be able to report all activity on the account since the last statement. They need to separately list each receivable and any adjustment or payment made to it including penalty and interest update.
11. Taxpayer needs the ability to designate that change notices and billing statements should be sent to a POA in addition to, or in lieu of, the taxpayer.
12. Billing notices should be able to separate penalties and provide an explanation of each penalty. For example: A TIN penalty is under a column titled “Late File/Late Payment Penalty”. It should be clearly titled as a TIN penalty.
13. The billing system should be able to suppress billings for accounts in active bankruptcy.
14. The billing system should be able to send a different set of multiple billings to accounts based on account size and history, with progressively tougher wording associated with them.
15. The billing system should be able to also report on account delinquencies for accounts being billed.

11.6.2 Detail Requirements for Billing and Notices

1. Change notices must thoroughly and clearly explain themselves. This means giving a reason for the notice and each change made by the system to the return. The system must be able to provide multiple explanations for a given change if necessary.
2. Change notices should calculate penalties and interest to a future date and advise taxpayers of how much to adjust the bill for an earlier payment.
3. Change notices should state not only the amount of the change for the given return but also a balance carry forward on the account. Since taxpayers file multiple returns at the same time and DOR can generate change notices for multiple returns in a given run the system should consolidate multiple change notices into one mailing and only show the account balance in the last notice in the series.
4. Management reports need to provide the number of and dollars in change notices generated by type of cause so DOR can adjust training as necessary to address common problems.

5. Statements need to report all activity on the account since the last statement. They need to separately list each receivable and any adjustment or payment made to it including penalty and interest update.
6. Taxpayers need the ability to designate that change notices and billing statements should be sent to a POA in addition to or in lieu of the taxpayer.
7. The billing system needs to suppress billings for accounts in active bankruptcy.
8. The billing system needs to be able to send a different set of multiple billings to accounts based on account size and history, with progressively tougher wording associated with them.
9. The billing system should be able to report on account delinquencies for accounts being billed.
10. Both the change notice and statements should include a payment document that the taxpayer can return with the payment. This document should be referenced so the system can report on the payments received by related notice, which will allow DOR to see how effective notices and each billing is in the collections stream. In addition the reference should cause the payment on a change notice to apply to that receivable.

11. SUPPLY CHAIN MANAGEMENT (SCM)

12.0.1 General Requirements for SCM

The SCM component will enable DOR to communicate securely with other government agencies, such as cities, counties, Arizona State agencies and the IRS, through a secure Internet-based Virtual Private Network (VPN).

12.0.2 Detail Requirements for SCM

It will include, but not be limited to, communications between DOR and DES, MVD and agencies participating in state and federal offset programs.

12.1 On-line Business to Business (B2B)

12.1.1 General Requirements for B2B

When conducting communications with businesses and other governmental agencies, DOR will utilize Public/Private Key Infrastructure (PKI) to ensure transaction authentication, confidentiality and integrity. This will involve the establishment of a Certification Authority (CA), the issuance of a digital certificate to each DOR employee and agreements with DOR business and government partners to obtain digital certificates for each of their employees likely to interface with DOR.

12.1.2 Detail Requirements for B2B

1. The DOR Integrated Tax System security must operate based upon CCITT X.509 standard digital signatures issued by a best of breed Certification Authority (CA).
2. All actions taken within the Integrated Tax System and its associated e-mail system must be authenticated via these digital signatures.
3. All authorizations must be strictly controlled by these digital signatures.

12.2 Bulk Data Transfers

12.2.1 General Requirements for Bulk Data Transfers

Whenever possible, the bulk data transfers component will support industry standards for data interchange as detailed below.

12.2.2 Detail Requirements for Bulk Data Transfers

1. American National Standards Institute (ANSI) Electronic Data Interchange (EDI) X.12 as defined by the Federation of Tax Administrators Accredited Standards Committee.
2. Extensible Markup Language (XML) standards as defined by the World Wide Web Consortium (W3C) and as further defined by the Federation of Tax Administrators (FTA), Tax Implementation Group for Electronic Requirements Standardization (TIGERS).
3. File Transfer Protocol (FTP) as defined by the Internet Engineering Task Force (IETF) over Virtual Private Networks (VPNs) by use of "tunneling" over the Internet to ensure authentication, integrity and confidentiality of the transmission.
4. The Credit Addenda Record format for Electronic Funds Transfer will follow the (TXP) Addendum Convention as suggested by the Federation of Tax Administrators.
5. Federal State Electronic filing program record format must meet with the IRS record layout as defined in Electronic Filing Handbook for the current year of tax filing Pub 1345. DOR layouts are defined in the current year of tax filings Electronic Filing Handbook AZ-1345. To participate in this program, an Electronic Return Originator (ERO) or Transmitter must subscribe to GAC Taxpro for acknowledgement services.

13. ENTERPRISE OPERATIONS SYSTEM

13.1 Integrated Tax Operations

13.1.1 General Requirements for Integrated Tax Operations

The revenue accounting system accounts for revenues collected by tax type, reconciling with daily deposits and tracking collections by calendar and fiscal reporting periods. Graphics of revenue information would be easily presented on the workstation.

13.1.2 Detail Requirements for Integrated Tax Operations

1. Provide consolidated taxpayer information.
2. Provide accurate, timely and complete data.
3. Provide efficient and effective system performance.
4. Provide easily understood screen presentation of data and ability to carry account number from screen to screen across all tax types.
5. Provide ability for all systems to "talk" to each other.
6. Provide ability for employees to have all the information needed for taxpayer assistance in one place.
7. Provide a change management process that is quick and simple.
8. Provide ability to automatically track audit programs.
9. If nightly batch processing is to occur, the window must allow for 20-hour daily access to, and updating of, the online system.
10. Automated and integrated support for all taxes will limit manual burden, increase data integrity, ensure efficiency, maximize compliance, and enable quality customer service.
11. Systems will accurately process 20th and 21st century dates.
12. Security access will be centralized so that adds, changes, and terminations in a user or a user's access capabilities are processed universally across all systems (internal and external to core processing), and are only entered once.
13. Access to system functions can be granted based on groups of users. For example, if a new screen is added, access to this screen may be granted to all customer service representatives at once. It will not be necessary to access each individual's authorization list.
14. Actions taken by the automated system will be easily identified as system generated. For example,

automated updates to registration information will be noted as being performed by the system, or automated letters will be noted as system sent.

15. Provide ability to capture data from external sources (e.g. Department of Economic Security, etc.).
16. Design a system that adapts to the users needs, rather than adapt the user to the system.
17. Provide easy and flexible access to data.
18. Provide a test environment where users can attempt various transfers and adjustments on accounts before applying them to live accounts. Users must have capability to move information from the production system to the test environment.
19. Provide ability to stop refund checks on the same day of issuance regardless of the stage of the refund, across all tax types. Refund checks having a strong probability of being erroneous should be capable of being stopped.
20. Provide ability for localities to document problem returns and customer contacts via their own contact history screen before they are created/printed.
21. Provide ability to interface with the Help Desk system.
22. Ensure that "batch" processing does not impact on-line operations.
23. Enable "on-line" operations at least 20 hours per day.

13.2 Return and Remittance Processing

13.2.1 General Requirements for Return and Remittance Processing

Return and Remittance Processing (RRP) component will capture timestamps of receipt of each element of a return and remittance as well as each action taken by DOR regarding same. The RRP component will submit prioritizing criteria to the workflow management component to cause work to be processed in a timely manner. The RRP will report timeliness of processing statistics for management review.

The RRP will provide customers who use e-filing and provide an e-mail address with their return, an immediate, electronic acknowledgement that the return and/or payment has been received. The RRP will provide direct deposit of refunds and will track timestamps of payment processing to ensure that DOR processing targets for simple returns are met ensuring that refunds are issued within a specified amount of time. The RRP will also track all account activity through transaction logs, with account changes identified by the date and staff person responsible for the change.

The RRP will enable replacement of batch processes with real-time processes wherever practical, including real-time matching of documents and remittances, and real-time posting. The RRP will provide on-line electronic help files, tutorials, manuals and policies and procedures. The RRP will provide version control of all DOR business rules, in such a manner that multiple versions of the rules can be operational at the same time. This will ensure that DOR staff has on-line access to the set of rules that apply to any given return.

13.2.2 Detail Requirements for Return and Remittance Processing

1. Provide ability to process all tax returns regardless of the format in which they are received (e.g. letter, etc.).
2. Provide ability to locate a return as soon as it is removed from its container (i.e., envelope, box), and through all stages of processing.
3. Provide ability for automated work queues and productivity statistics (e.g., for error resolution activities).
4. Provide ability to locate returns and payments that have been applied to the wrong account number, tax, or period (e.g., ability to locate payments and returns by document number).
5. Provide automated amended return processing for all tax types.
6. Provide ability to update line items, process adjustments, amendments, and transfers on returns for all tax

types.

7. Provide ability for summary level report totals and production totals.
8. Provide ability to easily verify payments made in localities.
9. Provide ability to automatically remove returns from error status when error criteria are changed.
10. Provide ability to use W-2 information to determine if the employee and employer are reporting the same amount of withholding.
11. Provide ability to accurately process and post all consolidated TPT return data. This involves accurately processing and posting locality data.
12. Provide ability for consistent computational rules between tax types.
13. Provide ability to update taxpayer registration information from voided individual returns and generate a letter to taxpayer indicating the void reason.
14. Provide ability to print completed TPT exemption certificates from the system.
15. Provide ability to apply non-cash credits earned by any tax type to tax liabilities of any tax type.
16. Provide ability to detect fraudulent returns.
17. Provide ability to easily incorporate new taxes into the automated system.
18. Accept cash register input.

13.3 Taxpayer Accounting

13.3.1 General Requirements for Taxpayer Accounting

The taxpayer accounting system records, summarizes and maintains all taxpayer financial transactions, including penalty and interest calculations, which effect taxpayer accounts.

13.3.2 Detail Requirements for Taxpayer Accounting

1. Provide all taxpayer accounting in one integrated accounting module.
2. Provide ability to automatically adjust taxpayer's accounting history to coincide with changes made to return data.
3. Provide ability to locate and identify payments and returns, including by document number. This will assist in locating payments or returns that have been applied to the wrong accounts.
4. Provide ability to ensure that all payments are applied to the correct account.
5. Provide ability to easily correct improperly posted transactions regardless of the type of transaction.
6. Provide ability to quickly reissue refund checks that have been returned because the name, social security number or address information was incorrect on the original check.
7. Provide ability to quickly review and resolve all account problems.
8. Provide ability to automatically handle NSF checks.
9. Provide ability to automatically create correcting transactions when applicable. For example, when an Individual Income tax return is filed after a non-filer assessment is created, the assessment should automatically be abated.
10. Provide ability to quickly determine how an account was resolved.
11. Provide ability to produce a statement of account history for taxpayers.
12. Provide ability to clearly indicate legal status, i.e., bankruptcy, pad locking, lien, converted assessments, etc.
13. Provide ability to clearly indicate paid bills, abated bills, discharged bills, charge-off bills, etc.
14. Provide ability to identify and correct check-encoding errors.
15. Automatically interface cash register to Integrated Tax System.

13.4 Revenue Accounting

13.4.1 General Requirements for Revenue Accounting

The revenue accounting component should rely on the summarized data provided by the taxpayer accounting component. These systems should generate billings, process dishonored checks, support write-offs, credit overpayments forward, offset overpayments to other DOR or state agency liabilities and generate refund checks.

13.4.2 Detail Requirements for Revenue Accounting

1. Provide for automation of manual reconciliations.
2. Provide ability for timely and accurate check reconciliation between DOR and the bank.
3. Provide ability to interface with the Statewide Accounting System (AFIS).
4. Provide ability for an automated reconciliation process with AFIS.
5. Provide automated processing of notification dates, contested claim dates, debt adjustments, approvals, and finalized claims from claimant agencies.
6. Provide a mechanism to reverse a Set-off transaction after it has been approved and finalized.
7. Provide mechanism to handle transactions from cash register, EFT, etc.

13.5 Financial Reporting

13.5.1 General Requirements for Financial Reporting

The official financial reporting of DOR is derived from AFIS. The financial reporting component should rely on the detail data provided by the taxpayer accounting component and should have the capability to perform both standard and ad-hoc reporting. Financial reporting is a result of the revenue accounting and should derive from it.

13.5.2 Detail Requirements for Financial Reporting

1. Provide ability to create accounting transactions from tax system and remittance system transactions and interface all transactions, in summary form as needed (i.e. have one accounting transaction for 2000 checks in one deposit with the bank), to AFIS. Manual adjustments that effect taxpayer records and subsequent accounting transactions must have appropriate level of internal control.
2. Provide ability for an automated reconciliation process with AFIS.
3. Provide tax systems that have an accounting period.
4. Provide ability to run concurrent account periods in tax systems.
5. Provide ability to generate daily and monthly revenue reports.
6. Provide ability to run fiscal reports on tax and accounts receivable systems.
7. Provide automated processing of notification dates, contested claim dates, debt adjustments, approvals, and finalized claims from claimant agencies.
8. Provide a mechanism to reverse a Set-off transaction after it has been approved and finalized.
9. Provide mechanism to handle transactions from cash register, EFT, credit cards, etc.
10. All revenue accounting systems will contain appropriate internal controls for accounting purposes, and the internal controls should be in conformance with generally accepted accounting principles.

14. COMPLIANCE OPERATIONS

14.1 Audit Selection

14.1.1 General Requirements for Audit Selection

The audit selection component will assist in compliance efforts by using both the operational database and the enterprise data warehouse to access and analyze information captured through internal processes as well as from external sources. The audit selection component will use the decision support tools to discover norms, trends, exceptions and deviations in the data in support of audit, compliance and collection efforts. The audit selection component will enable DOR to identify common mistakes and provide this information to the customer assistance/education component to enable DOR to educate taxpayers about potential errors.

The audit selection component will enable DOR staff to work at a customer site, have access to all DOR operational and enterprise data and systems, and accept customer data in a variety of electronic formats. When an audit is complete, the audit selection component will enable DOR staff to transmit the audit findings electronically or through traditional media such as US mail, to the taxpayer and taxpayer representatives as appropriate (e.g., tax practitioner, attorney, etc.). The audit selection component will make audit findings immediately available to other auditors and collectors within DOR.

14.1.2 Detail Requirements for Audit Selection

1. Provide e-mail for all auditors. Taxpayer communications can occur via e-mail thus reducing time and expense of preparing and mailing correspondence.
2. Provide ability for creating analytical reports that assist in the categorizing of strong and weak audit candidates by audit program.
3. Provide ability to utilize tools to assist in the identification of tax protestors (i.e., ratio of withholding to wages is high).
4. Provide ability to assign audits to the appropriate district offices based on taxpayer's mailing address.
5. Provide ability to match state income tax refund with refund claimed as income on federal form 1040.

14.2 Audit Processing

14.2.1 General Requirements for Audit Processing

The audit processing component will link multiple taxpayers and returns together. For example, limited liability partnerships will have the returns of all partners linked together. Similarly, for corporations that are in multiple, non-integrated business, each division's return will be linked to the corporation and traceable across all returns of the company. DOR audit processing component will have the ability to link multiple returns to a single audit or multiple audits to a single return. Similarly, the audit processing component will allow linkage of Power of Attorney (POA) records to one or more taxpayers and to allow linkage of multiple POAs to a given taxpayer.

Individual income tax audits are typically for relatively small amounts of money. To have efficient auditing, audits of this tax type need to be of efficient and of short duration. Accordingly, many of the more mechanical audit tasks, such as determining unreported dividends (in comparison to federally supplied dividend information) and issuing clear and understandable notices to taxpayers will be handled automatically by the audit processing component. Similarly for other mechanical audit tasks, the audit processing component will automatically recalculate the tax, adjust it, update the taxpayer return file and will issue a notice to the

taxpayer. The system will show that these actions were done automatically by the system based upon business rules.

The audit processing component will allow DOR to conduct multiple actions upon a given taxpayer record or return at the same time. If an audit is in progress and a refund claim has been received, the audit processing component will note this and bring to the attention of the auditor.

The audit processing component will enable DOR to perform multiple amendments to an audit both before and after the audit has been finalized and will document negotiated settlements of a given case.

The audit processing component will be available to DOR field personnel at remote locations via a Virtual Private Network (VPN) over the Internet. This will enable them to conduct field audits securely with all the data and tools usually available to them at DOR offices while on taxpayer premises.

The audit processing component will link sales tax reporting from various regional and divisional portions of a corporation with sales and other tax records of the corporation, so that DOR auditors can have a complete "picture" of the organization's tax reporting.

The audit processing component will utilize statistical auditing principles and tools to enable DOR auditors to apply them to a variety of tax types, especially TPT. DOR has the statutorial authority to use a statistical audit approach but needs sound methods by which to accomplish it.

Once audits have been performed the audit processing component will enable DOR staff to send the audit to the taxpayer (and POAs) electronically, citing the portions of law applied to amend their return and will provide them with the links to the specific paragraph of the law that was applied. This will enable the taxpayer to reference directly the law in question.

14.2.2 Detail Requirements for Audit Processing

1. Provide ability to easily change time constraints of audit program, such as, time to bill, when to mail letters, etc.
2. Provide ability for online access to MVD, withholding data, and other relevant information to assist with the audit process.
3. Provide ability to adjust out of statute full data returns to abate outstanding bills and not issue refunds.
4. Provide ability to easily request address updates from the IRS and automatically correct DOR's address information.
5. Provide ability to print a copy of the final audit report to be matched to the taxpayer's bill and sent from the central office in one mailing to the taxpayer.
6. Provide ability to handle EDI audits by field personnel. These audits would involve the taxpayer providing some or all records in an electronic format.
7. Provide ability for automatic recalculation of the itemized deductions when the federal adjusted gross income exceeds a threshold on all applicable audit programs.
8. Provide capability to have "total fields" in excess of 99,999,999 for audit software.
9. Provide capability for changing the method of review on audits (manual review verses automated) on all audit programs.
10. Provide capability for automatic posting of the final audit assessment after calculations are performed and the audit supervisor approves the draft.
11. Provide capability to automatically track auditor's time by audit and automatically tabulate weekly auditor's

time report. Allow for supervisory approval on the system and produce summary reports and travel vouchers.
12. Provide capability to develop reports that show and compare monthly and year-to-date assessments and collections by audit unit and audit program.
13. Provide capability to update registration data from audits.

14.3 Non-filer Discovery

14.3.1 General Requirements for Non-filer Discovery

The goal of the non-filer discovery component will be to use all of the information available to DOR internally, from other government agencies, and from private entities such as AT&T to identify non-filers.

The non-filer discovery component will use information internal to DOR directly in an electronic format, and wherever feasible, will import information from external sources in electronic format. Where needed and legally permissible, the non-filer discovery component will allow DOR to easily share data in electronic format with other government agencies to ensure their customers are taxpayers in good standing.

The non-filer system will utilize information from the IRS and other sources to determine Arizona taxpayers who have not filed a return, or have filed a return that is not consistent with their federal tax return.

14.3.2 Detail Requirements for Non-filer Discovery

1. Provide ability to utilize external data, such as IRS registration information to identify businesses that are non-filers.
2. Provide ability to use Arizona employer data (W-2, etc.) to identify additional non-filer candidates.
3. Provide ability to identify non-filer returns that were issued refunds resulting from previous non-filer programs.
4. Provide ability to produce a list of non-filers resulting from a cross-match of information received from State of Arizona employers.
5. Provide ability to capture the amended return indicator from the federal tapes so that the audit candidates and the non-filer sheets can include the literal “federal return amended”.
6. Provide ability to search the federal individual master file (IMF) tape for additional non-filers that would have filed their federal return late.
7. Provide ability for automation of federal corporate non-filer program, federal corporate under-reporter program, and employer non-filer program using withholding data.
8. Provide capability to credit individual non-filer audit assessments for withholding.
9. Provide a spouse cross-reference table by tax year to assist with non-filer programs based on non-federal return information, such as informational returns and state employment records, etc.
10. Provide ability to prevent non-filer letters from being sent to taxpayers that are identified as being in a “special agreement” with the department.
11. Provide ability to use external data to locate self-employed Arizonans who do not file a state return, as well as other types of non-filers, such as partners and shareholders of S-corporations.
12. Provide the ability to give TPT refunds to new filers who fall outside the existing tax system (e.g., non-filers receiving TPT refunds from the Governor’s Education Bill).
13. Provide ability to tie special event accounts together by event to enable matching of attendees. If taxpayer attended event last year, matching will enable location and determination of attendance this year.

14.4 Audit Management

14.4.1 General Requirements for Audit Management

The compliance operations system should allow for the tracking of audit assignments, audit program productivity, and auditor workload. Historical information regarding audits and audited taxpayers will be stored so that audit resources may be assigned in the most effective manner.

14.4.2 Detail Requirements for Audit Management

1. Provide ability to easily track audit programs and to add new programs to the process.
2. Provide ability to easily reassign audits when a supervisor is reassigned.
3. Provide ability to assign an audit for an unregistered account.
4. Provide ability to edit all invoice data fields in mass and not one invoice at a time.
5. Provide ability to separately compute contested and non-contested areas of an audit simultaneously.
6. Provide ability to upload and download mainframe account data as needed.
7. Provide ability to select portions of sample audits to penalize.
8. Provide ability to recognize a corporation audit with 0-apportionment factor.
9. Provide ability to print all information on audit candidates.
10. Provide ability to ensure that interest figures are the most current and limit access to allow changes to the interest rate.
11. Provide data to use in analyzing the effectiveness of specific matches or programs.

15. COLLECTIONS MANAGEMENT

15.1 Collections

15.1.1 General Requirements for Collections

To provide early notification to taxpayers about delinquencies and releases of liens and levies, DOR will provide prompt, understandable, and automated notification. DOR will develop links to outside collection agencies, so department staff will be able to respond to customer inquires about the status of a collections effort. Collectors who work in the field will have remote access to DOR systems, providing the employee and the customer with real-time system functionality in the field. The variety of payment methods that will be supported by the department in the return filing and remittance transmittal processes will facilitate the collections process. The department will also use electronic methods of funds distribution wherever feasible.

The collections component needs to be a fully integrated system, from billings to phone to field, which provides the ability to route cases based upon a decision tree and to handle legal filings as well. It must provide all of the capabilities of the current CACSG system which manages the collections process, and which is fully integrated with the ACD and PDS telephone systems. It provides automated tracking and routing of accounts, prioritization of accounts for processing and a number of management features that allow DOR to maximize its collections activities. CACSG allows DOR to send customized letters to accounts or their POA (or both) and tracks details about collection activities on the account. The system allows supervisors to train and control how collectors “work” accounts and allows the tailoring of automated actions on an account. All of these features will be retained in the future but within a system that is fully integrated with return processing and registration components.

15.1.2 Detail Requirements for Collections

1. Provide ability to analyze collected revenue by age of assessment and program.
2. Provide ability to analyze collected revenue by program and return payment where no assessment was

generated.

3. Provide ability to provide end users with reports upon request.
4. Provide ability to project collected revenue by compliance program based on prior assessments. Such a report should be by month or quarters and project forward for at least two years.
5. Provide ability to report on collected revenue compared to cost by compliance unit.
6. Provide integration of collections system with Auto Dialer System.

15.2 Hearings

15.2.1 General Requirements for Hearings

The hearings component will provide customers access to a case tracking system so that they can track the status of their DOR or Office of Administrative Hearings (OAH) case and have access to court rulings. The hearings component will also assist DOR staff by allowing queries on hearings by industry, by issue and by taxpayer. DOR will use the workflow management component to ensure that collections activity is not being done on cases for which hearings are being conducted. The hearings component will also provide automated notification of hearings to taxpayers and their representatives.

15.2.2 Detail Requirements for Hearings

1. Provide ability to give DOR customers information to track the status of their DOR or OAH case. Safeguards acceptable to DOR as well as the IRS will be needed to ensure confidentiality of taxpayer information.
2. Provide ability to give DOR customers access to court rulings.
3. Provide ability to authorized DOR employees to inquire on DOR and OAH hearings by industry, by issue and by particular taxpayer. This should give the ability to ensure that no collection activity occurs by DOR employees on particular taxpayers for which hearings are being conducted. (Need to ensure that access is granted only to DOR employees who have a business need to know).
4. Provide ability to give automated notification of DOR and OAH hearings to all parties and their representatives. (Need to ensure that the requirements of A.R.S. § 41-1092.04 are met for OAH hearing notices. If the automated notification is sent via e-mail over the Internet, safeguards acceptable to DOR as well as the IRS will be needed to ensure confidentiality of taxpayer information).

15.3 Bankruptcies

15.3.1 General Requirements for Bankruptcies

The bankruptcy component will get information on new and ongoing cases electronically from bankruptcy courts, file DOR claims to courts electronically, and get data from the county recorder electronically.

15.3.2 Detail Requirements for Bankruptcies

1. The bankruptcy component will enable DOR to electronically change an account status to “bankruptcy” to halt levies, liens and audit actions, and will assist in account resolution based on the bankruptcy court’s ruling.
2. It will also include the timely routing of cases out of bankruptcy when a bankruptcy is closed or discharged.

16. Decision Support

16.1 General Requirements for Decision Support

The decision support component will provide DOR staffers with a variety of software analysis tools that will allow them to perform on-line ad-hoc queries, "what if", trend, comparison, graphical, "drill-down" and other types of analysis required to provide compliance and departmental management and executive decision-making functions.

Decision support reports will include a variety of pre-defined reports that provide internal and external stakeholders with the regular summarized information they require to make tactical decisions, accurately distribute funds, and make timely and accurate reports to various government entities with assured data integrity. Decision support data will be securely maintained in the Enterprise Data Warehouse (EDW), and will be updated frequently to support the users that rely upon it.

The decision support component will contain strategic and operational management information from throughout the department. This information then could be used in standard reports or accessed in an ad-hoc fashion. Information from all systems will be filtered, interconnected, and summarized for use in this system. Key performance indicators monitoring productivity, revenue, receivables, and caseloads could be presented in a graphical format. Ad-hoc queries should also be possible without the need for central IT involvement. Additionally, the detail behind these numbers could be summoned for review or made available for economic modeling, policy decisions and forecasting.

16.2 Detail Requirements for Decision Support

1. Provide key performance indicators in a graphical manner on demand.
2. Provide for ad-hoc queries across data through the creation of dynamic searches.
3. Display data in different formats (spreadsheets, graphs, etc.).
4. Interface with forecasting and economic modeling systems; provide detail data from across systems to be used for further analysis and evaluation.
5. Interface with certain existing administrative systems.
6. Provide policy information online. This information will be available to assist in case analysis and research, and will include documentation such as the federal and state tax code, regulations, public documents, and other policy decisions. Once this data is updated, previous versions will be archived offline where they can be retrieved if needed.
7. Utilize statistical productivity measurements to facilitate decisions.
8. Produce standard reports to be used for monitoring performance and effectiveness.
9. Provide the ability to generate the information required to enhance decision making at all levels and monitor the effectiveness of agency programs and activities.
10. Provide ability for paper less time and expense reporting.

17. OPERATIONAL DATABASE

17.1 General Requirements for Operational Database

A core database component will be an Operational Database (OD). The OD will be an integrated database of all DOR tax information achieved either through a fully normalized database of the information or via the use of data-oriented middleware. Together with fully integrated tax applications, it will enable DOR to realize its vision of public trust, quality customer service, efficiency, and excellence. It will help ensure that accurate information is being provided to DOR employees, and hence, all customers. It will diminish duplicate processing and resultant data integrity issues, as data will be well-defined, stored in a single location, available

to all in accordance with security controls and will represent the most accurate and timely information available to all authorized users. Finally, it provides much of the source data for the compliance and management reporting tasks performed in the data warehouse.

17.2 Retail Requirements for Operational Database

The OD should be a single database, providing users and systems with an integrated, current look at DOR information. Systems may be based directly on the OD, supporting its full information requirements. Other systems may have separate discrete databases. However, these systems should provide real-time updates of information to the OD, and also access OD data for its specific needs. DOR information contained in the OD can be conceptually modeled into the following data subject areas:

17.2.1 *Customer (Customer Record)*

The hub of the OD is the customer record. In the conceptual database model, customer would be the main entity, with other entities (such as Account, Activity, Financial Transaction, Case, etc.) related to customer. The customer record contains a unique identifier and is created during a customer's initial transaction (e.g., Registration, Return Filing). Core demographic information such as name and addresses is entered and maintained in a single place and stored within the customer record.

17.2.2 *Activities (Activity/Contact Log)*

An activity consists of any transaction that occurs on behalf of a customer. Activities cover a wide terrain, such as setting up registrations, processing tax returns, fielding inquiries, sending correspondence, and initiating compliance actions. In the course of performing these activities in a new integrated system, a record will be written into an activity log for that customer. This will provide system users with a concise, historical view of all activities that have taken place for a customer. By clicking on a specific activity for a customer, a system user will be able to see the detailed information related to that activity.

17.2.3 *Accounts (Registrations)*

Customers may have business with the State for one or multiple tax types or licenses. For each defined tax type or license, an account record is created at registration, and information specific to the tax type or license will be stored. A new customer identifier is not necessary for each account. Instead, each account will be linked to the existing customer record.

17.2.4 *Filings*

Filings are a key subject area to track, and the detailed information contained in every filing is extremely important. Filings will be linked to customer and account, and various header attributes of each filing such as form, tax year, amended indicator, and filing date will be maintained. The detailed information for each filing, whether original or amended, will also be stored in the OD, supporting quick access by operational users.

17.2.5 *Cases*

A case typically comprises a grouping of work steps necessary to achieve resolution of some issue or process. Cases are initiated, prioritized, assigned, worked, and resolved by one or more DOR employees on behalf of customers. There are many standard examples of cases, such as an audit, a collection activity, a hearing, etc. However, other tasks can be considered cases, such as the work steps required to resolve a complex taxpayer inquiry or a tax law dispute. While cases may be managed through separate case management systems, the tracking of cases in the OD ensures that DOR users understand all activities which are taking place for a customer.

17.2.6 *Financial Transactions*

Financial transactions incorporate all the accounting activity that takes place with respect to customers. Activities such as payments, billings, financial adjustments, and write-offs would all create financial transaction entries that would be stored and maintained in this area. The physical structure of this data subject area will likely be complex, as each financial activity such as a payment could occur for one or more customers, accounts, or filings. Importantly, however, DOR users will be able to access a statement of financial transactions to provide timely information to Customer inquiries.

17.2.7 *History Log*

For each entry or modification that takes place in the OD, the history log will contain important audit trail information such as the employee who initiated the transaction, the date and time of the transaction, and any other key indicators of the transaction. Often a specific employee will not initiate the transaction logged. Automated process such as an automatic case assignment or external access such as a query of a customer account over the Internet would also be stored.

18. ENTERPRISE DATA WAREHOUSE

18.1 General Requirements for Enterprise Data Warehouse

The Enterprise Data Warehouse (EDW) will provide DOR staffers with access to much of the information which previously has been very difficult to collect. The EDW will serve as the source of data for decision support applications, such as audit selection, non-filer discovery, trend analysis, and ad-hoc queries. Because the EDW will be well-defined with routine data input sources, DOR staffers will be able to rely upon the accuracy, and consistency of summary reports generated from it. They will be able to deliver accurate information to executive management and external government organizations through the use of it.

The EDW will be a database separate and distinct from the Operation Database (OD), and will be a repository of both internal and external information. (The EDW needs to be a separate and distinct database from the Operational Database, because it will be used for On-Line Analytical Processing (OLAP) which would adversely impact the processing speed to the Operational Database which is designed for On-Line Transaction Processing (OLTP).) It will provide on-line, read-only access to information and analysis by a variety of DOR staffers. The information entering the data warehouse will be brought over time from both internal and external data sources, particularly the Operational Data Repository. Data loaded into the EDW will first be extracted from their source, pruned, cleansed, reconciled, and transformed into a usable format. The EDW will serve decision support applications as it will be designed specifically for large-scale canned and ad-hoc reporting and will contain both summarized and detail information. The EDW will also serve data intensive compliance processes such as audit selection and non-filer discovery.

19. IMAGE STORAGE

19.1 General Requirements for Image Storage

The image storage component will be able to store all images, graphics, facsimiles, voice recordings and video required to enable DOR to process these efficiently and provide excellent customer service. All application layer-components will utilize the optical storage component to store and retrieve these alternative formats of data. Though digital data will be the preferred format for analysis and computation, DOR will capture and retain all source documents in their alternative format to ensure non-repudiation, permit audit analysis of original documents and provide hearing evidence when appropriate.

Images of filings, correspondence, and other documents will be stored optically and indexed to the customer, account, and filing for efficient access. The department's image storage facility will also contain other media types, such as audio files related to hearings and other cases.

Initially, not all documents will be stored in image storage, in part due to the necessity to retain historical records and the cost prohibitive nature of conversion of microfilm and historic paper documents to images. The direction, however, for all new documents will be to store them at least as images if not as digital data.

SPECIFICATIONS

20. SYSTEM REQUIREMENTS

20.1 Introduction

This section contains the System Requirements, which include business, security and technical requirements, with which the potential business partner should comply.

20.2 Security Requirements

The information communicated by the BRITS system is sensitive and confidential. The BRITS system shall include a security system for the protection of the BRITS system from intentional, unauthorized access attempts as well as security breaches due to accidental causes.

DOR has defined a number of security requirements in this section, but expects the business partner to exercise due diligence in proposing and designing the BRITS system to provide a system that complies fully with all applicable state and federal requirements on security. Proposed federal regulations regarding privacy of revenue and tax information may affect the BRITS system security requirements.

20.2.1 Access Control

1. The BRITS system should secure stored data against unauthorized access at the data item, record, database and transaction level.
2. The BRITS system should control and secure application programs and system software from tampering or unauthorized access.
3. The BRITS system should limit access to ad-hoc report generation programs to authorized users only.

20.2.2 Compartmentalized Access

1. The BRITS system security should be integrated into the application to limit the menus, screens and functions (e.g. inquiry or update) available to individual authorized.
2. Once a user has accessed the system, security system controls should limit access to only the specific data or data types for the authorized user.

20.2.3 Identification, Authentication and Authorization Capabilities and Policies

The BRITS system security should include the following:

1. Single sign-on such that a single identification and authentication should only permit authorized user access.
2. Each authorized user should be assigned a unique log-on identifier.
3. The logon ID should permit access to the system only in combination with a valid password or other secondary access control mechanism.

4. Log-on to more than one session per person should require a DOR system administrator authorization. [C2 level security]
5. Security should automatically restrict an individual to one log-on location at a time. [C2 level security].
6. Users should be automatically logged-out after a table-defined inactive time. [C2 level security].
7. Log-on suspension should occur after a table-defined number of access attempt failures. [C2 level security].
8. Passwords should expire with an adjustable passage of time.
9. Security should prohibit password reuse against a password history of previously used passwords for table-defined number of intervals.

20.2.4 Security Management

The BRITS system security should provide online means to assign, update, or remove access and authorization privileges for individual users:

1. Security should prohibit all but authorized users access to the security system.
2. The security system should allow for multiple levels of security.
3. The security system should support local security administration, as well as centralized security set-up.
4. The levels of the application system security should be changeable only by the designated management staff.
5. Security should be designed to permit an authorized non-technical user to manage security and serve as the security officer. (Security administration should not require the assistance of technical specialists such as programmers).
6. Security should have the capability for callback authentication for remote dial-in users. [C2 level security]
7. Encryption of passwords moving throughout the network should be provided. [C2 level security]

20.2.5 Message Transmission Protection

1. The BRITS system should limit access to services to authorized systems and transactions.
2. The BRITS system should secure message transmission throughout the system. The business partner should provide a trade-off analysis in the detailed design that describes the costs and benefits alternative methods of securing message transmissions and make a design recommendation subject to DOR approval.

20.2.6 System Failure Recovery

1. Business partner should provide a system failure recovery plan to protect the BRITS system data through backup and recovery procedures from the consequences of system failure.
2. The BRITS system should have the capability of performing backup and recovery of its functionality and data.

20.2.7 System Integrity

In the event of a single BRITS system network failure, all in-transit messages should be delivered to safe storage.

20.2.8 Data Backup and Recovery

1. Business partner should provide a backup and restore process for the BRITS system databases that will be simple, economical, certain, and not adversely impact the system availability requirements.

2. Backup and restoration of the BRITS system residing on local servers should not require operator intervention at the local site.

20.2.9 Restoration

1. The BRITS system should have the capability of restoring operation following a non-disaster system failure.
2. The BRITS system should provide selectable options for either automatic or manual notification of system recovery.
3. Automatic system recovery notification should include among others, remote pager and e-mail.
4. This restart capability should include:
   - Restoration of all system files to their state of completion as of the last fully processed transaction.
   - Restoration of databases to their state of completion as of the last fully processed transaction.
   - Restoration of internal databases to the state they were in before the failure.
   - Restart of communications and associated applications.
   - Broadcast a notification to all active devices that the BRITS system is operational again.

20.3 Technical Requirements

20.3.1 General Requirements

This section describes the technical requirements for the BRITS system. Technical requirements can be divided into two major categories: conditions and constraints.

Conditions are environmental factors beyond the control of DOR, within which the BRITS system must operate. Conditions must be accommodated by the proposed BRITS system. The following conditions apply to the BRITS system:

1. The BRITS system shall comply with appropriate federal, state, and local regulations.
2. The BRITS system shall provide services to all DOR offices.
3. The BRITS system shall comply with the Arizona Procurement Code for the procurement of goods and services.
4. The BRITS system shall accommodate current and future DOR volume of transactions and data storage requirements.
5. The BRITS system shall conform to Government Information Technology Agency (GITA) hardware and software standards. GITA standards are available on the Internet at www.GITA.state.az.us.

Constraints are limitations imposed by DOR upon the BRITS system (e.g. interface requirements). The following constraint apply to the BRITS system:

- The business partner shall be responsible for providing all of the central data processing resources, including a system architecture, hardware, software, and staff necessary to meet the BRITS system capability and technical requirements.

20.3.2 Abilities Requirements

20.3.2.1 *Extensibility Requirement*

The business partner shall design the system architecture in a manner that incorporates provisions for new technologies without major modifications to the existing system.

20.3.2.2 *Adaptability Requirements*

The BRITS business solution shall be adaptable to meeting growth and expansion needs of the agency.

20.3.2.3 *Scalability Requirements*

The BRITS business solution shall be scalable to meet growth and expansion needs of the agency.

20.3.2.4 *Environmental Requirements*

Should the business partner propose a non-DOA (off-site) data center, the following environmental requirements shall be met:

1. The business partner shall provide a controlled environment that has provision for computer operations and maintenance.
2. The BRITS system shall be compliant with environmental conditions as defined by DOA for the nature of the equipment being installed.
3. The system should be connected via the DOR network.

20.3.3 Performance Requirements

20.3.3.1 *Systems Performance Criteria*

The business partner shall provide systems performance criteria to support current and future core business (tax) processes. Such information should include current and future capacity as it relates to the number of users that could be supported, estimated storage requirements (including image storage), anticipated system response times, and the number of documents that could be processed (See DOR Volumes within this solicitation package).

20.3.3.2 *Performance Monitoring, Measurement and Demonstration*

Early in the planning and design phase, the business partner should perform analyses and make recommendations on system performance consistent with ARS 41-2559 Section B:

1. The business partner should develop or acquire a performance benchmarking methodology and tools for predicting and demonstrating the BRITS system meets the performance requirements stated herein.
2. The BRITS system performance measurements should include the BRITS system application performance as well as network performance.
3. The business partner should deliver to DOR the performance measurement and estimating tools it uses to estimate and measure the BRITS system performance.

20.3.4 Architectural Requirements

This section describes the purpose and presents a conceptual framework for the BRITS system. It is not intended to constrain the potential business partner into a pre-conceived system architecture.

The department's future systems architecture is a vision of BRITS future software and hardware platform. The application systems architecture is presented in drawing after 5.6. This represents, at a high-level, the systems required to support DOR's business functions.

20.3.5 BRITS System Services

This section describes the types of system services required of the BRITS system.

20.3.5.1 *Chargeback*

1. The BRITS system should track usage to allow for proper accounting of system resources for the purposes of chargeback (indirect cost allocations to users).
2. The BRITS system should have the ability to perform activity-based cost (ABC) accounting.

20.3.5.2 *Failure Recovery*

1. The BRITS system should support fail recovery.
2. The BRITS system should support automated restart.

20.3.5.3 *Exception/Error Handling Services*

The BRITS system exception and error handling services are responsible for logging as a result of an error condition. The exception-handling component should capture and redirect environment specific errors (e.g. out of memory, mathematics errors and distributed access exceptions). The error-handling component should track application specific errors (e.g. message format is incorrect, no service available for request). The following are requirements for the BRITS system exception/error handling services:

1. The BRITS system should have an exception/error handling service.
2. The BRITS system exception/error handling services should log errors that occur within any BRITS system services.
3. The BRITS system exception/error handling services should log errors capturing the information necessary to associate them with the original action including a time stamp.
4. The BRITS system exception/error handling services should recognize multiple types of errors (error codes and descriptions) and determine how processing should continue (fatal/non-fatal and retry/fail).
5. The BRITS system exception/error handling services should log errors when:
   - One of the service components cannot be invoked.
   - A service component fails to respond back.
   - One of the service components abnormally ends.
6. The BRITS system exception/error handling services should invoke proxy services to send fault reports or alarms.
7. The BRITS system exception/error handling services should provide the capability to perform automated notification to the administrator through e-mail or paging.

20.3.6 Data Management Requirements

20.3.6.1 *Distributed Database*

1. The BRITS system database should operate continuously with “essential functionality” of administrative and monitoring functions, regardless of the status of any BRITS subsystem database or local servers.

2. The business partner should use the capabilities and system performance requirements to determine the degree of data distribution.
3. The business partner should conduct and document a data distribution trade-off analysis.

20.3.6.2 *Audit Trails and History of Data Changes*

1. The BRITS system should provide an audit trail of system and operator actions, including inquiries and updates to the database and system tables. The audit trail should be viewable at the help desk for troubleshooting.
2. At a minimum, the BRITS system should provide a log or audit trail that should include:
   a. Message/transaction identification and originator.
   b. User ID.
   c. Time of activity.
   d. Type of activity.
   e. An identification of the case record accessed.
   f. Any changed data.
3. The BRITS system should provide ad hoc audit reporting of activity.
4. The BRITS system should support on-line audit trail inquiries and reports for at least 12 months after the last action on a case.
5. No modification should be permitted to audit trail data.
6. Audit trails may be stored in an archive offline on machine-readable media after 12 months from the last activity.

20.3.6.3 *Data Synchronization*

1. Data management, including any remote sites, should prohibit concurrent updating of fields and records by more than one operator.
2. Any central database containing system wide data should be synchronized with any proposed remote databases.

20.3.6.4 *Database Management System*

1. Any BRITS system Database Management System should meet the following requirements:
   - Be a Structured Query Language (SQL) relational product or equivalent industry standard.
   - Provide for separation of test and production data.
   - Provide for back-up capability while database is in update mode.
   - Provide for recovery capability at the table level.
   - Provide for online performance monitoring.
   - Provide for space usage monitoring.
   - Provide for table space usage expansion.
   - Provide for multiple concurrent job accesses.

- Provide for referential integrity.
- Provide for on demand entity relationship diagram reporting.
- Provide support for ad-hoc reporting.

2. The BRITS system Database Management System should provide row-level locking. The business partner should provide justification, if alternate-level locking is proposed.

20.3.6.5 *Report Printing*

Printing capability should be provided to effectively handle high-volume printing needs for system operation and maintenance. Monitoring and control, and server system capacity planning personnel of DOR will use these reports. Department of Administration (DOA) Data Center personnel may also use these reports. System report content will be developed and defined by the BRITS business partner with DOR coordination and approval.

1. Reporting capability should include options for on-line viewing of soft copy reports or for printing in the most cost-effective method.
2. Report content and frequency options should be specified by the business partner and approved by DOR during the system implementation phase.

20.3.6.6 *Access to Operational Data*

The BRITS system should provide a tool to access operational data. Such data will be available to allow DOR to review actual and expected performance for real-time problem solving and performance analysis. DOR may also need to create reports using this data. Operational Data Requirements for the BRITS system include:

1. The business partner should provide a Structured Query Language (SQL) compatible query tool or equivalent industry standard.
2. The business partner should provide access to the BRITS system operations data in both on-line and batch modes for ad-hoc queries.
3. The BRITS system databases should be compliant with Government Information Technology Agency (GITA) standards. GITA standards are available on the Internet at www.GITA.state.az.us.
4. The business partner should provide a reporting tool that allows combined reporting of data from different databases and formats.
5. The BRITS system should enforce a level of access privileges for accessing the BRITS system operations data.

20.3.6.7 *Operations and Maintenance Requirements*

The business partner should provide Operations and Maintenance (O&M) support for the BRITS system from the Pilot Implementation (if any) through full-scale implementation.

1. The O&M support of the business partner should continue after the completion of full-scale implementation.
2. The business partner should provide full and complete:
   - Provision for data processing center support and facility management as required.
   - Systems administration.
   - Help desk and user support services.

- Hardware, system, and application software maintenance.

3. If a mainframe solution is proposed, the business partner should use the Arizona Department of Administration (DOA) Data Center.
4. The business partner should provide O&M procedures for all business partner-furnished equipment, including:
    - Software (including, but not limited to, middleware).
    - Data processing hardware.
    - Documentation.
    - Electrical equipment.
    - Mechanical equipment.
    - Tools and simulation/performance models.
    - Any telecommunications equipment added by the business partner.
    - Infrastructure and hardware support equipment.

20.3.6.8 *Operations*

In the event an off-site data entry center is selected, the business partner should manage and conduct the BRITS system operations following full-scale implementation.

20.3.6.8.1 Operational Testing

1. The business partner should develop multiple permanent test environments for development, system-level performance, stress/load tests, and operational environment tests to support demonstration of performance, system operation and efficiency, and response times.
2. The business partner should ensure that the BRITS system design and test environments include instrumentation sufficient to support quantitative measurement of:
    - System efficiency.
    - Response time.
    - Performance.

20.3.6.8.2 Operational Training

The business partner should provide an operating environment for training use that is isolated from operational data.

20.3.6.8.3 System Operation

The BRITS business solution should be operated according to the business partner-provided user documentation subject to DOR approval.

20.3.6.8.4 Operational Control and Monitoring

The BRITS system capabilities should include Network hardware and software monitoring using appropriate tools (e.g. Cisco Works and Transcend) to monitor the BRITS system.

20.3.6.8.5 Help Desk

The business partner should provide live help desk support to meet business requirements. Currently, "Heat" by Bendata is being used as the help desk system.

1. The business partner should provide and setup problem management software.
2. The business partner should provide assistance and consultation to the users as requested.
3. Help desk requests and subsequent actions should be recorded and monitored.
4. The business partner should forward user requests, as necessary, to the maintenance process.
5. The help desk requests should be addressed and the actions that are planned and taken should be reported to the originators of the requests.
6. All resolutions should be monitored to conclusion.
7. Help desk software should be capable of interfacing with the network management and control system to automate the identification process of any network node and to support software distribution as needed.
8. Help desk software should have access to audit trails and history of data changes.

20.3.6.9 *Maintenance*

The purpose of the maintenance activities is to assure the proper operational state of the system and to apply changes, modifications and additions to the business partner-furnished equipment in a way that preserves the system's integrity.

20.3.6.9.1 *Problem and Modification Analysis*

1. The business partner should analyze problem reports and modification requests for their impact on the organization, the existing system, and the interfacing systems.
2. The business partner should verify the problem by replication or other appropriate means.
3. The business partner should consider options and recommend a solution or modification as required.
4. The business partner should document the problem analysis and implementation options.
5. The business partner should obtain approval for the selected modification option.

20.3.6.9.2 *Modification Implementation*

The business partner should perform the following modification implementation activities:

1. Analyze and document the software units, documents, and versions to be modified.
2. Use an approved development process to implement the modifications.
3. The requirements of a development process include:
    - Test and evaluation criteria for testing and evaluating the modified and the unmodified parts (software units, components, and configuration items) of the system should be defined and documented.
    - Ensure the complete and correct implementation of the new and modified requirements
    - Regression testing should be performed at a level sufficient to ensure that the original, unmodified requirements were not adversely affected.
    - The test results should be documented and delivered as required by the agreement.
    - The business partner should notify the department of any planned modification.

20.3.6.9.3 *Migration*

The business partner will work with the DOR BRITS Project Manager to provide a smooth, low-risk implementation of the BRITS system.

20.3.6.9.4 *Software Maintenance*

1. The business partner should maintain application software in an electronic central library or set of electronic libraries.
2. The BRITS system should provide the capability to control application software and secure it from a central site, accessible only to authorized users and equipment.
3. The BRITS business partner should secure executable code and tables that reside on remote processors against access and modification at the local level at all times.
4. The business partner should secure automatic (without local computer operator intervention) loading of modified application software from a central site with audit trails.
5. The BRITS system should ensure that downloads of the application software updates to remote equipment should not overwrite or destroy non-application data on the equipment.
6. The business partner should provide a full copy of the BRITS system audit databases each month to the DOR on a medium defined by the DOR during the Implementation Phase.

20.3.6.10 *Ease of Use*

The business partner should integrate into the BRITS system the following user-friendly capabilities:

1. The BRITS system's software management and control functions should be primarily icon driven.
2. The BRITS system's application system should provide prompts to facilitate ease of management and control for all operators.
3. The BRITS system should provide on-line help, which will include tutorial aids, and function in reference to the area, data element, or application from which it is requested.
4. The BRITS system should allow multiple users to inquire the same record concurrently.
5. The BRITS system should provide descriptive error messages for all operations for on-line and batch errors.
6. The BRITS system should not require users to enter codes. If coding structures and codes are necessary, they should be table driven and transparent to the operator.
7. Values selected from help screens or other tables of codes should be returned to the appropriate field in the screen from which the operator selected help.
8. The BRITS system should provide the ability to perform activities on multiple events at a time.

20.3.6.11 *Policy and Regulation*

1. In the event the business partner proposes an off-site data center business solution, the installation site shall be compliant with local government codes. The installation site should also be compliant with the standards by which Department of Administration (DOA) and Department of Revenue (DOR) currently maintain their data centers.
2. The business partner should design the BRITS system to meet the federal requirements for security and confidentiality. These requirements appear in documents such as the following:

- Automatic Data Processing Physical Security and Risk Management (FIPS PUB 31).
- Computer Security Guidelines for Implementing the Privacy Act of 1974 (FIPS PUB 41).
- Guidelines for Security of Computer Applications (FIPS Pub 73).
- The Federal Uniform Electronic Transactions Act (UETA)
- The Arizona Electronic Transactions Act (AETA) – House Bill 2069 amending Title 44, Arizona Revised Statues

20.3.7 Availability Requirements

The business solution proposed by the business partner should be able to meet all DOR business requirements:

1. BRITS System should be available twenty-four (24) hours per day, seven (7) days per week, 365 days per year.
2. Transaction processing (including online and batch functions) should be available as needed.
3. Planned downtime should be scheduled and published at least 3 business days in advance.
4. Unplanned downtime should be considered to be any time the system is unable to process and complete transactions that was not previously planned upon. This would include time in which the main system is available but inaccessible to more than 50% of its average users at that time.

20.3.8 Interface Requirements

This section states the BRITS system interface requirements and briefly describes the systems that interact with the BRITS system.

20.3.8.1 *External Systems*

At a minimum, the system should interface with external interfaces including, but not limited to, the following:

Interfaces	Agency	Private Company	Notes
MOST/ALL	US Post Office		Incoming – outgoing mail
TSTIAP2		Any POA	
TSDebtSetoFFP1	Multiple agencies		Debt owed other governmental agencies
TSL&RappsWalkI 1		All businesses	Licensing information
TSL&RBOCPhx 3	DES		Joint application form
TSPruPa1		Any taxpayer	Request for penalty review
AuditIncomeElectronicLeadp 1	IRS		Data tapes
AuditIncomeBadAddressP1	DES MVD		Locator information
ATptCpOosUtApp1	Cities		All AZ program cities
Interfaces	Agency	Private	Notes

		Com any	
ATptDaCpp1	US Customs		Tariff information
ATptDaAsfoos		States	Auto dealerships
ATptDaRscpp1		Contract	Rio Salado Contractor Program
AtptDaEcpp1		Contract	Environmental contractor
AtptDaMrzcpp1		Contract	Military reuse zone contractor
ATptDaOssAUTP1		Aircraft	Out of state use tax
AtptDaNrlvp1		Media	Internet, newspaper / publications
AtptPsRffcoag	AG's Office		Audit information (CARS)
AtptAsAlrp1	Corporation Commission		Leads research
AtptAsAlrp1	Secretary of State		Leads research
ATptCpTcMTCC	MTCC		Municipal Tax Code Commission
CompLicCompGenResp1	Counties		Permit information for licensing
CompLicCompcontrROCp1	ROC		Licensing information
CompPhCollMoneyDue8		OSI	Contracted private agency collections
CompFieldCollMoneyDue5	County Assessor		Lien searches
CARInsufficientFundsAQ01	AZ Treasurer		NSFs routed from banks
CompTcsBnkFC1	US Court		Bankruptcy information
CompTcsBnkFC1	Attorneys		Bankruptcy information
CompTcsBnkFC1	Bank trustee		Bankruptcy information
CompTcsLienInquiry1		Banks	Requests for information
CompTcsLienInquiry1		Title companies	Requests for information
CompTcsSkpUnRpts6		Credit bureaus	Credit bureau information
CompTcsVndrLv1	DOA		Electronic information recovered
CompTCSTPTBndLv1		Insurance companies	Bond holders
CompTCSPrivAgcy1		Federal Express	Special mailing
CompTCSPrivAgcy6		DOHA	Death certificates
StorageMicrographicsP4		Vendor?	Develop negatives
Interfaces	**Age cy**	**Priv te**	**Notes**

		Com any	
ComptrollerDepPhxpg21		BOA	Armored car transfer $$/checks
CEFTAuthorizationsPg2		FDC	3rd Party Vendor EFT's
ComptrollerCtyCityOthrTPT Dst1		GAO	Warrants received
Federal State Income Tax Returns	IRS	DOR	Electronic filing
EFT	B of A	DOR	Electronic funds transfer
Direct Deposit	B of A	DOR	Direct deposit electronic filing refunds

RESPONSIBILITIES OF DOR AND BUSINESS PARTNER

This cooperative partnership will provide the opportunity to incorporate the expertise and knowledge of the partner into the design of the new tax systems. The potential business partner will work with DOR to determine the requirements, design and develop the new system. Primary responsibility in these areas will rest with the potential partner. As success of the proposed solution is dependent on the potential partner's ability to understand and meet DOR's business needs, DOR expects the selected business partner to share in the risks of successfully developing and implementing the new system.

21. RESPONSIBILITIES OF DOR

21.1 DOR Organization for the Project

The department will develop a project organization to direct, manage and support the implementation project. The organization will consist of the following:

- DOR Change Management Unit
- Department Project Management Team
- Change Management Team
- BRITS Phase II Project Oversight Advisor

This management structure will exist for all phases of the project, including proposal development, contract development, and systems development and implementation. Roles of project participants are described below:

21.2 DOR Change Management Unit

The DOR Change Management Unit, reporting to the DOR Director, will be responsible for:

- General project management of BRITS Phase II (implementation phase)
- Overseeing Project Management and Change Management Teams
- Screening qualified firms, receiving and evaluating business partner proposals, conducting negotiations, and recommending the signing and awarding of the contract
- Deploying project management and change management structures and sub-teams as required
- Other duties as needed

21.3 Department Project Management Team

The Project Management Team will be responsible for:

- Daily management of the project in conjunction with a business partner
- Developing, in conjunction with the business partner, the project charter, project work plan and periodic project status reports
- Monitoring project progress
- Reporting on the project schedule
- Coordinating with the selected business partner as a peer to the business partner's project manager
- Communicating with the DOR Director and senior executive staff
- Coordinating with business partner staff
- Communicating with managers, supervisors and staff within the department as needed to ensure a successful transition
- Planning and guiding the implementation of new business processes
- Coordinating with the business partner during system implementation
- Documenting business rules and other aspects of the current environment that must be communicated to the business partner
- Participating in knowledge transfer with the business partner
- Other duties as needed

21.4 Change Management Team

The Change Management Team will be responsible for:

- Developing and implementing a change management process
- Assessing the organizational culture and facilitating those changes as necessary to ensure a successful project outcome
- Developing revised organization charts, functional descriptions, and job classifications
- Developing transition plans, logistical plans and communications plans necessary to aid the transition to new information technology and to improve the quality of work life within the agency
- Identifying and coordinating necessary staff training
- Other duties as needed

21.5 BRITS Phase II Project Oversight Advisor

The Project Oversight advisor will be an independent third-party contractor separate from this contract and will be responsible for:

- Objective reporting on project progress, risks and budget to DOR Executive Management, Arizona Government Information Technology Agency, and other executive and legislative agencies as appropriate.
- Auditing business partner performance to ensure that project deliverables are on time and within budget

- Recommending project management controls and methodologies
- Reviewing project plans
- Developing a risk management plan
- Performing risk assessments
- Recommending risk mitigation measures
- Monitoring risk mitigation actions
- Mediating issues and disputes between the business partner and the department and making advisory recommendations to the DOR Director

21.6 DOR Assistance

DOR will coordinate access to all appropriate staff personnel, as mutually agreed to between DOR's project managers and each potential business partner during all phases of the project.

To the extent possible, DOR will respond expeditiously to all potential partner requests for information. Further, DOR will communicate changes that are believed by DOR to be fundamental to the solution requirements to all potential partners in a timely manner.

22. RESPONSIBILITIES OF PARTNER

22.1 Partner Organization and Staffing

The potential business partner's proposal will include an organizational chart identifying their personnel assigned to the project. An approach must be presented for managing the project to ensure all phases are completed on time and all deliverables are produced accurately and completely. The potential business partner must nominate a list of at least 3 people as project manager for evaluation by DOR including interviews to be completed at the discretion of DOR. They will complete the deliverables under the overall direction of DOR's Project Leadership Team and perform as a team with the DOR Project Managers.

Business partner personnel shall perform their duties on DOR premises, during DOR's regular work days and normal work hours, except as may be specifically agreed to by the business partner and DOR; for example, if onsite space is not available.

22.2 Partner Confidentiality

As the potential business partner will have access to confidential records, the confidentiality agreement described in Attachment 4 must be completed at the overview presentation.

PROPOSAL DEVELOPMENT (Discovery) PHASE II

Phase II, the Proposal Development Phase incorporates an iterative, conversational mode of proposal development. It enables the department, working together in confidence with each potential business partner, to assess and discuss the viability and effectiveness of their proposed methods of meeting the department's needs.

DOR in conjunction with DOA State Procurement Office will schedule a meeting with participating potential business partners to present a further explanation of its business needs and the proposal development process. In particular, DOR will highlight strategic directions while focusing on advantages of quality partnering, benefits of innovation, importance of mutual transfer of project and product knowledge, and criticality of timeliness in both the RFP process and product implementation.

Under Phase II the highest rated potential business partners will begin on-site detailed, confidential, iterative discussions to ensure each potential partner fully understands the department's strategic directions and business problems. The department will provide and coordinate access to business experts who will assist the potential partners in analyzing agency functions and strategic objectives. The potential partners will develop a conceptual design for the entire new system.

The proposal development for Phase II of this project will involve substantial communication and information exchange between the department and each potential business partner. During this time, the potential partners will utilize the business expertise of key employees, combined with their own knowledge and experiences, to develop a business solution that is aligned with the departments strategic direction. At the conclusion of this phase, the potential business partners will prepare and submit their Phase II proposal. The Phase II proposal will contain responses with regard to the department's business and technical requirements, proposed benefit/revenue projections, costs for goods and services, and contract principles.

Upon receipt, review and evaluation of the proposals, the department may ask for clarification and or discussions with each potential business partner to gain a complete understanding of the proposal. The potential partners will document any additions and deletions to and any changes clarifying understanding of the proposal. The department will document any outstanding or unresolved issues for resolution during subsequent discussions, if necessary. Discussions of the business and technical proposal components will occur in parallel with resolution of proposed contract principles that directly impact the potential business partner's proposals. DOR and each potential partner will work jointly to refine costs of goods and services and to identify benefits/revenues expected from the proposal's implementation. Discussions will continue until both the department and each potential business partner are satisfied with the proposal or until expiration of the timeframe allotted for proposal development discussions.

23. RESPONSIBILITIES OF DOR

23.1 DOR General Responsibilities

During the proposal development phase II of the project, DOR agrees to provide the potential business partners with reasonable access to the following:

1. General or detailed overviews of the current DOR systems.
2. Access to all DOR system documentation and manual procedures.
3. Walk-throughs and tours of DOR's current tax processing operations.
4. Access to all agency operations documentation.
5. Business experts who are knowledgeable in agency functional operations.

6. Technical experts who are knowledgeable about the agency technical environment.
7. Access to other information needs as mutually agreed.

23.2 DOR Project Manager Responsibilities

During the proposal development phase of the project, the DOR project managers will ensure that the potential partners' informational requirements and access to resources are met where appropriate. The project managers, supported by a project team, will work with the potential partners on a daily basis to coordinate information needs, coordinate access to appropriate resources, arrange all necessary meetings with staff personnel, and assist the potential business partners in understanding our strategic directions and requirements.

24. RESPONSIBILITIES OF BUSINESS PARTNER

24.1 Partner Confidentiality

Any employee, officer, agent, or representative of the potential business partners whose duties require access to confidential data or information, or to any equipment of device which contains such data or information, shall first sign a confidentiality statement (see Attachment 4).

24.2 Partner Proposal Development Plan

During the proposal development phase of the project, potential business partners will be given significant access to agency staff and documentation, coordinated by the DOR project managers. To ensure availability of needed resources while limiting disruption of ongoing agency processes, the potential business partners will submit a plan outlining how they will approach the proposal development phase. The plan must state the resource requirements of DOR, including the needed areas of expertise. This plan will outline anticipated needs and time frames, as well as the number of personnel the potential business partner plans to have on-site and for what periods of time. Validation of agency requirements must be included as a step in the plan. DOR will make every effort to respond effectively to the potential business partner's requirements as specified in the plan. Changes to the plan should be communicated with as much advance notice as possible, to allow DOR to respond effectively.

24.3 Partner Proposal of Appropriate Resources

DOR expects the potential business partner to bring significant technical and business process reengineering expertise to this project. It is anticipated that the selected business partner may utilize the knowledge, expertise, and technology and hardware solutions of a number of other firms to ensure that the solutions proposed are the best possible solutions. The proposals must convince DOR that the potential partner and his subcontractors have available all qualified resources required to perform successfully under the contract, including personnel, equipment, development software, licenses, financial resources and experience.

24.4 Partner List of Deliverables

The business partner must propose a comprehensive set of deliverables for the project, which include, but are not limited to:

1. *Project Work Plan* - Includes identification of all major project phases, major activities within each phase, time frames for each activity, major milestones, and deliverables.
2. *Conceptual Design* - A high-level design model identifying the major segments or modules of the systems and application architecture. It represents the system components and functionality of each as determined from the analysis of business and technology problems, the various external and internal impacts, and the requirements definition.

3. *Platform Design* - A plan for developing and maintaining a detailed computer-based schematic of the physical design of all aspects of the proposed systems, including all wiring, communications devices, network components, server computers, storage devices and sub-systems, high-speed scanners, and any other major components. Schematics of proposed and installed networks where DOR and the business partner are responsible for systems administration must relate directly and accurately to physical layouts of buildings.
4. *Detailed Cultural Change Management Plan* - A detailed description of how the partner will facilitate the process necessary to achieve employee "buy-in".
5. *Detailed Cost Benefit Analysis* - A description and cost factor for the direct and indirect costs and a description and monetary value for the tangible and intangible benefits associated with the implementation of the proposed system.
6. *Revenue Analysis* - A thorough identification of specific areas where compliance revenue will be increased, including how much revenue will be realized from each initiative and when such revenue will be collected.
7. *Program Specifications* - Detailed description of each program within the system. Must include program flow and logic description, file layouts, data warehouse, database layouts, etc.
8. *Future Workflow Analysis/Plan* - Includes a description of how documents will travel throughout DOR, starting with the mailroom and ending with optical storage and ultimately being purged.
9. *Quality Assurance Plan* - Includes a description of the role of DOR's Quality Assurance area, establishes quality assurance procedures and processes and a description of any necessary training for QA staff.
10. *Software Customization Description* - A detailed description of how each piece of software will be customized to meet the needs of DOR.
11. *Integrated Tax System.*
12. *Implementation Schedule/Plan* - A detailed plan for the implementation of the proposed system.
13. *System Users Guide* - A manual that will describe in detail with step-by-step instructions of all functions available to users. In addition to the detail descriptions, summary sheets should be created which users can display for easy reference.
14. *Operations Manual* - A manual which will provide a technical description of the system and its operations. A summary sheet should be supplied which operators can display for easy reference.
15. *Procedures Manual* - With the assistance of DOR personnel, the business partner will provide a procedures manual which will include detailed procedures and summary sheets for each function described.
16. *Installation Schedule/Plan* - This plan will include equipment delivery and installation schedule and equipment checkout and installation testing. The plan should also include a schedule for the removal of all existing DOR hardware that will become obsolete.
17. *Floor Space Plan* - If required, a description of space usage and environmental requirements for the proposed hardware taking into consideration workflow requirements and electrical requirements.
18. *Form Redesign Schedule/Plan* - A detailed description of the form redesign process. This should feature a schedule for the process that includes the ordering of the forms and delivery of the documents to the taxpayers or DOR.
19. *Detailed Test Plan* - A plan for system testing and user acceptance testing approval.
20. *Conversion Plan* - A plan for the conversion of existing systems and databases.
21. *Ongoing Cost Estimate* - Projected ongoing cost for items such as maintenance support and onsite storage.
22. *Database Specifications* - A detail description of each database, its relationships and data contents.
23. *Data Dictionary* - A description of each data element.
24. *Weekly Status Reports.*
25. *Project Final Report.*

26. *System Documentation* - A complete description of all technical aspects of the system and its hardware.
27. *Training Plan and Training* - A description of the training activities that will occur such as training curriculum, training manuals, class outlines, class schedules, training aids, guides, and actual training sessions.
28. *Training Materials* - A hard and soft copy of all materials used in the training process.
29. *Post Implementation Review Plan* - A plan for monitoring and adjusting the implemented system as required.
30. *Knowledge Transfer Plan and Implementation*.

SYSTEMS DEVELOPMENT PHASE

25. RESPONSIBILITIES OF DOR

25.1 DOR Project Managers Responsibilities

During system development phase, the DOR project managers will meet daily with the business partner to evaluate the status of the project, review all draft material and deliverables, coordinate access to appropriate resources and arrange all necessary meetings with staff personnel. The DOR project managers will be responsible for assuring that the overall technical approach for the project is sound and is meeting the requirements, for coordinating all workplans and reviewing and responding to deliverables. The DOR technical project manager also will be responsible for ensuring that DOR's technical staff is adequately involved and trained in all aspects of the project so that they are fully capable of assisting with the development of the new system and assuming support of the implemented system.

25.2 DOR Assistance and Facilities

DOR will continue to support the information needs of the potential business partner in a timely manner during the systems development phase. Additionally, DOR will support the space requirements of the partner as feasible within existing DOR facilities.

25.3 DOR Mainframe Access

Reasonable mainframe access, if needed, will be provided to all project staff for the design, development and testing activities. No mainframe access will be allowed from off-site locations except as specifically agreed to in writing.

26. RESPONSIBILITIES OF BUSINESS PARTNER

26.1 Partner Supplies and Expenses

The business partner awarded this contract will be responsible for all of their project supplies and expenses.

26.2 Partner Project Status Reporting

The business partner shall propose a project reporting methodology to include the minimum frequency and distribution of reports.

26.3 Partner Conflict Resolution

The business partner will propose a process for conflict resolution, which will be reviewed and determined during contract negotiations.

26.4 Partner Estimation of DOR Resource Requirements

The business partner will estimate the number of DOR support (both information systems and operational area) staff by skill level and required hours, necessary to implement and support the new system. Staffing requirements must be detailed in a monthly schedule. These estimates should take into consideration any training with the DOR staff with the business partner's technologies, methodologies, and tools. Should the resource requirements exceed DOR's available resources, contract personnel will be required. The business partner must include contract personnel costs in their cost proposal. The business partner will provide the necessary training.

The potential business partner's proposal also must include an analysis of the DOR human resources required to implement and support this project. This analysis must include the skills required, the percent of time the resource must be committed, and the approximate date the resource will be needed. Any change in the proposed involvement of department employees will require prior written approval from the department.

26.5 Partner Demonstrations and Prototyping

The business partner will provide demonstrations or prototyping of the most feasible technologies or combinations of technologies for implementing the proposed system. The business partner may provide/arrange visits to organizations where similar technologies have been implemented.

26.6 Partner Solution Standards

The functions of the system must be based on, and conform to, Governmental Generally Accepted Accounting Principles (GAAP) as directed by DOR.

The Arizona Government Information Technology Agency (GITA) has issued a series of standards that relate directly to the development and implementation of information systems in Arizona. The partner must comply with all existing standards, as well as future standards as they are released. These standards are available on the Internet at GITA standards are available on the Internet at www.GITA.state.az.us.

The business partner will work with DOR staff throughout the project life cycle to ensure that the system meets department security, confidentiality and integrity objectives.

The system must conform to all federal (Internal Revenue Service) security and confidentiality requirements, specifically regarding the storage and efficient utilization of federal tax information.

26.7 Partner Business Process Reengineering

Technology should not be viewed as a means to correct flawed processes. The automation of a flawed process leaves the flawed process in place, and diminishes the value of the investment in technology. Many of DOR's manual processes have remained unchanged for years, as a result of the difficulty in changing the automated systems that support these processes. Because opportunities to significantly revise processes have been limited, many processes are no longer efficient, and some are only marginally ineffective. In many cases, processes are based on managing large volumes of paper, which should be eliminated as a concern in a future environment. In other cases, processes rely on the knowledge of a handful of business experts, as current technology has not allowed us to capture and replicate their understanding of business rules.

DOR envisions that the business partner will use process-reengineering techniques to examine and reinvent essentially all DOR processes to take advantage of the technological advances inherent in its future system. In that manner, processes and technology will be integrated in an effective manner. The department is taking a holistic approach to this project by analyzing all needs including strategy, process, organizational design, job design, human resource change, and technology. Change shall be accomplished in a scientifically planned, coordinated, and executed fashion.

The business partner will provide personnel to complete tasks and supplement department personnel as determined necessary by the department. This may include supplementing daily operations. The potential partner's proposal must include an explanation of how significant business process reengineering will be used to ensure the effectiveness and efficiency of DOR processes.

26.8 Partner Hardware & Software Planning, Acquisition & Installation

The partner will be responsible for recommending, procuring, providing, and installing all hardware and software proposed to meet the requirements of this RFP. The selected partner will act as a prime contractor responsible for coordinating the purchase, delivery and integration of all proposed hardware and software. In addition, the business partner will be responsible for all licenses, warranties, service and maintenance agreements for the hardware and software for the term of the contract.

The business partner will work with DOR to perform the following tasks:

1. Facilities planning for equipment installation (electrical requirements, wiring, ventilation and other special considerations)
2. Coordinating equipment installation schedules
3. Arranging delivery, uncrating, installation and equipment setup
4. Performing any installation testing and equipment checking
5. Integrating all equipment

The hardware and software will belong to the Arizona Department of Revenue upon installation and acceptance.

26.8.1 Partner Equipment - Workstations

The potential business partner will work with DOR to determine the minimum number of workstations and configurations required to achieve desired benefits and revenue increases. The business partner then may provide, in increments, additional "value added" workstations. The number of workstations to be acquired will be determined by project economics. All workstations must meet or exceed GITA standards.

26.8.2 Partner Equipment - Training

The business partner is also responsible for providing all training required in the use of the equipment by DOR personnel including but not limited to: basic operation, troubleshooting, preventive maintenance, customization and other training deemed relevant.

26.8.3 Partner Knowledge Transfer

Key to the success of this project will be the transfer of knowledge in many different areas from the business partner staff to the DOR staff. Accordingly, the business partner shall provide a Knowledge Transfer Plan by which this transfer will be effected. The Plan must outline the areas of knowledge transfer, the method of transfer for each area, the level of effort to be dedicated by partner and DOR to this transfer, and the means of periodic measurement of the effectiveness of the knowledge transfer.

26.8.4 Partner System Documentation

All system documentation must meet the requirements of a System Development Methodology. System documentation must include items such as:

- A technical description of the proposed system
- Program specifications
- Standards for internal program documentation

The business partner must provide a manual that gives a technical description of the proposed system and its operation. The manual must be delivered prior to business partner training, which will occur prior to the implementation process.

26.8.5 Partner Procedure Development and Documentation

The partner will provide a documentation package that is an accessible, online help feature of the software.

The partner will provide an electronic user's manual giving step-by-step instructions to all system functions available to the users. The manual will include policy guidelines for the entry of information to the system as well as an introduction to the system; the responsibilities of each system; instructions on queries to the catalog; all reports available on the system and sample queries and reports with complete instructions on their purpose and how they are generated.

26.8.6 Partner Equipment -Development Environment

For the duration of the project, the business partner will be required to describe the developmental environment. Upon completion of the project, the business partner will “turnover” the developmental environment to DOR.

26.8.7 Partner Conditions for Deliverables

Prior to beginning work on any deliverable, the partner must submit a detailed outline, format example and description of the deliverable. The department will review and approve the deliverable content and format or provide any requested changes to the partner within an agreeable period.

1. The business partner must ensure consistency among all deliverables associated with the project and must identify which project team member will be responsible for each deliverable.
2. The business partner must conduct 'walk-through' meetings for project team members to review deliverables to ensure accuracy, completeness and to confirm DOR's understanding of the deliverable content.
3. All deliverables must be approved by DOR before the phase is considered complete.
4. The business partner must provide a hard copy and an electronic copy of all deliverables as approved by DOR.

27. BENEFIT, COST AND PAYMENT CALCULATIONS

27.1 Benefits Calculations

The business partner shall prepare a definitions statement clearly defining the meaning of "benefits" and/or "performance measures" attributable to the project.

The business partner shall develop a methodology for the calculation of benefits throughout the life of the project, including a revenue baseline. Further, the business partner shall propose a mathematical formula for sharing benefits between DOR and the business partner.

The business partner shall propose when they shall be compensated for meeting financial or operational performance targets.

The business partner shall prepare an estimate of benefits for each module or major deliverable (i.e., non-filer discovery, automated accounts receivable system) completed.

The business partner shall prepare an estimated cash flow projection by project year.

The business partner shall prepare an estimated project budget for each project phase and an overall total project budget for all phases.

ATTACHMENT 1

DOR VOLUMES

Staffing Levels

General Fund Positions Currently filled by Division

Office	Current Levels
Director's Office	85
Compliance Division	227
Property Taxation Division	56
Taxation Division	138
Transaction Privilege Tax Division	125
Administrative Services Division	56
Data Management Division	126
Information Technology Division	87
Taxpayer Support Division	98
Tax Policy and Legal Support	3
Total	1001

Non-General Fund Positions

Category	Current Levels
Unclaimed Property	12
Debt Set-off	4
Tobacco	4
Total	20

Registered & Active Taxpayers

Information by Tax Type

Tax	No. Registered
Withholding	117,000
Transaction Privilege Tax	175,000
Bingo	700
Tobacco	300

Taxpayer Support Division

Information Requests (FY 99)

Type	Total
Mail Received	37,000
Calls Received	315,000
Walk-ins	22,000
Abatements	7,500
Exonerations	6,500
Returns Prepared	6,800

Data Management Division

Individual Income Tax Volumes

Category	Total (CY 1999)
Returns (including e-file)	2,073,000
Returns received with money	440,000
Refunds issued	1,316,000
Estimated Payment Vouchers	195,000

Business Tax Volumes

Category	Total (CY 1999)
Returns (TPT-1, A1-QRT, 120, Waste Tires)	1,708,000
Returns without money (money dues & zeros)	766,000
Refund Returns (TPT-1, A1-QRT)	13,000
Zero Returns (TPT-1, A1-QRT)	391,000
Estimated Payments (TPT, Corp)	27,000
A/R Payments (TPT, Corp, W/H)	145,000

Miscellaneous Processing Requirements

Category	Number Processed (CY 1999)
Vendor Debt Set-off items	51,000 matches
Tapes received from Set-off agencies	250
Tapes sent to Set-off agencies	6

Taxation Division

Field Audits

	Total (FY 1999)
Number of Audits	141 Corporate field audits, only. See comments under "OTHER PROGRAMS"
Audit Hours	25,726

Office Audit

PROGRAM	DESCRIPTION	SOURCE	NO. OF AUDIT CANDIDATES (average 12 month period)
Federal Compare	Comparison of specific items on AZ returns that should be identical to Federal data.	Federal IMF/IRTF	604
Federal Non-filer	Taxpayer's who filed a federal return with an AZ address, but no AZ return.	Federal IMF/IRTF	18,292
Federal CP2000 & Omitted	Use CP2000 data to identify Taxpayer's who have under-reported income or have not filed with AZ.	Federal CP2000	6,158
Federal Abstracts & Omitted Abstracts	Hard copies of RAR's received from IRS are compared to AZ return to make adjustments and identify non-filers.	Federal RAR's	4,684
IRMF Non-filer	Uses information returns (1099s, W-2s, K-1s, etc.) from IRS to identify individual non-filers. Taxpayers on the IMF/IRTF tape are excluded from this project. The RAP Unit has tested this program for several years.	Federal IRMF	580
Resident/Non-resident tax credit.	Examines AZ returns with out-of-state tax credits for correct application of AZ tax laws.		1,611
Corporate Federal Audits	Examines amended returns filed by Corp. TP's to report federal audit changes.	VA Return	347
RAR/Corp. Federal Audits	Identifies Corp. TP's who have not voluntarily amended VA returns due to federal audits.	Federal RAR's	230
Exam/Appeals Extract	Researching matching of VA registered corps. to federal exam/appeal extract to identify audit candidates. This is a test program.	Federal Exam/ Appeal Extract	3456

PROGRAM	DESCRIPTION	SOURCE	NO. OF AUDIT CANDIDATES (average 12 month period)
Review of Corp. Returns	Review domestic & multi-state returns for correct application of AZ tax laws.	AZ Returns	286 each candidate has 4 years/tax returns to review
Review Amended Corp. Returns	Review amended domestic & multi-state returns to verify accuracy.	AZ Returns	993

Other Programs

Program	Volume	Comments
Nexus	703	Non-filer program
Partnership/S-Corps	20-32	New program

Compliance Division

Collections -- General Information

Category	Count (FY 2000)	Comments
Technical Compliance Services Section - Bankruptcy Unit		
Number of bill payments	9,185	
Incoming calls	12,107	
Outgoing calls	4,300	Approximately
Letters Received	16,627	
Letters Handled	13,634	
Technical Compliance Services Section – Special Collections Unit		
Incoming calls	10,954	For Phoenix Walk In Area
Walk-ins	3,294	
Payments and Returns Processed	3,957	For Phoenix Walk In Area
Office Collections Section		
Incoming Calls	134,400	
Outgoing Calls	105,600	Projected 25% per month increase
Walk-ins	1,800	
Letters Received	43,524	
Letters Handled	43,200	
License Compliance Section		
Incoming and Outgoing Calls	25,163	Incoming/outgoing combined

Collections – Actions

Category	Count (FY 2000)	Comments
Technical Compliance Services Section - Bankruptcy Unit		
Pull bankruptcy cover sheets	24,031	Dial out to Bankruptcy Court

Category	Count (FY 2000)	Comments
Research Bankruptcy filings	33,476	Requires using from 4 to 10 systems (PC, Mainframe, and other agencies)
File Bankruptcy claims	3,058	Requires using from 3 to 8 systems (PC, Mainframe, and other agencies)
Process bankruptcy discharges	6,708	Requires use of 3 to 5 systems
Accounts worked	37,614	Requires multiple systems
Special Collections Unit		
OIC Received, Processed	409	Approved and Denied
Letters of Good Standing Received	483	
Letters of Good Standing Processed	577	
Withdrawal/Dissolution Certificates Received	2,291	
Withdrawal/Dissolution Certificates Processed	2,324	
Debt Offset and Unclaimed Property	2,045	
Consumer Credit Counseling Requests (CCCS)	240	Approximately
East Valley Office Walk In -- Taxpayers	54	Approximately
East Valley Office Walk In -- Checks	100	
North Valley Office Walk In -- Taxpayers	624	
North Valley Office Walk In -- Checks	832	
Attorney General Assignments	1,100	
Outside Collection Agency Assignments	26,202	
Agency Accounts Closed	867	
Controlled Correspondence	12	
Charge-Off Accounts	1,516	
Maintenance Unit		
Maintenance	4,500	OIC's, Adjustments & Bankruptcy C/O's
AFIS $ Transfers	100	All Tax Types
TIA Transfers	2,100	Approximately. Noted Transfers on CACS/ Related to C-40
Levy Overpayment Refunds	1,152	Approximately. Workstate C-47 for Business & Income
Levy Checks Returned	350	Approximately. Letters Typed on PC
Lien Payoffs	405	Approximately. Updated interest noted on CACS
Liens Unit		
Liens Filed	6,759	Notes on CACS
Releases Filed	8,541	Notes on CACS
Payoff Requests	1,450	Notes on CACS
AR Report	76,608	Approximately. Noted on CACS/Researched on A/R
Amends	60	Approximately. Notes on CACS
Lien in Error Letter	120	Approximately. Notes on CACS
Subordination	12	Approximately. Notes on CACS
Attorney General's Requests	180	Approximately. Notes on CACS
Payoff Requests	60	Approximately. Notes on CACS
Training Unit		
Add/delete/change user IDs	550	
Table Maintenance Changes	2,025	
CACS Letters	232,897	
Office Collections Section		
Liens	3,000	

Category	Count (FY 2000)	Comments
Levies	33,600	
Field Collections Section		
Beginning Case Inventory (7/99)	14,449	
Cases Closed	12,315	
Field Calls	45,031	
Phone Calls (includes incoming & outgoing)	118,653	
Correspondence Received	18,101	
License Compliance Section		
Research business lists to locate non compliance	130,382	Achieved with a 42% vacancy rate. Increase projected with full staff.
TPT Licenses Issued	2,468	
W/H Licenses Issued	294	
TPT Revenue (TPT accounts in tracking)	16,342,748	
W/H Revenue (W/H accounts in tracking)	754,324	
TPT & W/H accounts in tracking	123,502	
Compliance Letters Sent	105,000	
Accounts Receivable Section		
AR Maintenance Received	57,031	
AR NSF check received/entered	4,801	Projected 8.8% increase
Correct/Refund Accounts	18,436	
Letters Sent Out	1,777	

Administrative Services Division

Description	Annually
600 Refunds	26,572
Unclaimed Property accounts received	68,358
Unclaimed Property refunds issued	17,509
Individual income tax documents filmed	2,231,462
Income tax batches filmed	69,972
Corporate tax documents filmed.	127,436
Corporate tax batches filmed	11,750
Batches refilmed	9
Refilm rate	0
Master files established for new licenses	53,732
Non-taxable estate tax reports	9841
Estate tax waivers issued	12,763
Returned refund checks	13,117
Uncashed refund checks that become unclaimed property	30,030
Estate tax returns	2323
Unclaimed property audits completed	23
Businesses researched for audit select	116

ATTACHMENT 2

NON-MAINFRAME BUSINESS APPLICATIONS

Following is the current non-mainframe application inventory that each Arizona DOR division currently uses. The inventory contains application information such as application name, abbreviation, description, development language, database type, operating system, resident hardware, application version, date installed and name of developer. The following divisions are represented:

- Administrative Services
- Chief Tax Policy Officer and Legal Support
- Criminal and Civil Investigations
- Hearing Office
- Personnel Office
- Planning and Budget Office
- Property Tax
- Staff Organization and Development
- Taxpayer Support
- Transaction Privilege and Use Tax

Administrative Services Division

Application Name	Abbrv	Description	Development Language	Data base	Operating System	Resident Hardware	Ver	Date Installed	Developer
Debt Set Off	DSO	MS-Access Database for preparing DSO Claims and Transfers	MS-Access	Yes	Windows NT	Phxfile01	4.0	2/20/00	J. Adler
MIS Tables		MS-Access Data Warehouse of MIS Tables	MS-Access	Yes	Windows NT	Phxfile01	4.0	10/1/99	J. Adler
Mileage Comparison		Compares DOA Fleet Costs to Mileage Costs	MS-Access	Yes	Windows NT	Phxfile01	4.0	Jan-00	D. Simpson
AP Invoices		AP Tracking System (currently in development)	MS-Access	Yes	Windows NT	Phxfile01	4.0		D. Simpson
Purch.mdb		Purchase order tracking	MS-Access	Yes	Windows NT	Phxfile01	4.0	Jan-00	T. Spears
Contr and Vendor		Vendor and contract info	MS-Access	Yes	Windows NT	Phxfile01	4.0	Jan-00	T. Spears
Todd Contracts		Contract Info	MS-Access	Yes	Windows NT	Phxfile01	4.0	Jan-00	T. Spears

Application Name	Abbrv	Description	Development Language	Data base	Operating System	Resident Hardware	Ver	Date Installed	Developer
Estate Tax	Estate Tax	Track both Taxable and nontaxable properties for the purpose of Estate Tax waivers and collecting monies due	MS-Access	Yes	Windows NT	Phxfile01	4.0	10/1/98	S McDonald
Estate Tax	Estate Tax	Letters and reports for Estate Tax	MS-Excel	MS-Excel	Windows NT	Phxfile01	4.0	6/17/05	Linda Montgomery
Luxury Tax	Lux Tax	Track Tobacco Stamps by Distributor both on the reservations and off	MS-Access	Yes	Windows NT	Phxfile01	4.0	Oct-99	S McDonald
Luxury Tax	Lux Tax	Deposits for sale of Alcoholic beverages	MS-Excel	MS-Excel	Windows NT	Phxfile01	4.0	1990	Tony Ketterer
Electronic Fund Transfer	EFT	Deposits for transfer of funds from Treasurer's office	MS-Access	Yes	Windows NT	Phxfile01	4.0	2000	Treasurer's Off
Warehouse Inventory	Ware-house	Track Inventory both Warehouse and Central Supply	MS-Access	Yes	Windows NT	Phxfile01	4.0	Jul-99	S McDonald
Warehouse Inventory	Ware-house	Old Inventory-Central Supply only	Dbase IV	Yes	MS Dos	Phxfile01	3.10	1996	S Gains
Audit Data Base	Dan;s Stuff	Record of all Audit's from A to Z	MS-Access	Yes	Windows NT	Phxfile01	4.0	2000	David Crain
New Audit Sample	Dan's Stuff	Sample of Audit for use Logs to Reports	MS-Access	Yes	Windows NT	Phxfile01	4.0	2000	David Crain
Copy00	Copy 00	Tracks all copies of forms by taxpayer	MS-Excel	no	Windows NT	Phxfile01	4.0	1998	Unknown
2000Daily	2000 Daily	Tracks all copies requested by staff in Department	MS-Excel	no	Windows NT	Phxfile01	4.0	1998	Unknown
List 1999	List 1999	Tracks work by Tax Type	MS-Excel	no	Windows NT	Phxfile01	4.0	1998	Unknown
Unclaimed Property Management System	UPMS	Unclaimed Property Management System	FoxPro	YES	Windows NT	Phxsql03	2000.316.1600	6/11/05	Wagers & Associates, Inc.

Application Name	Abbrv	Description	Development Language	Data base	Operating System	Resident Hardware	Ver	Date Installed	Developer
Stock Transactions		Holds transaction records of securities within our custody	MS Access	YES	Windows NT	Phxfile01	1	8/4/99	Jeremy Greer

Chief Tax Policy Officer and Legal Support, TRA, CARS, etc.

Application Name	Abbrv	Description	Development Language	Data base	Operating System	Resident Hardware	Ver	Date Installed	Developer
ARS_2056_Matters.mdb	TPT & Use Tax; DOTPLS	Tracking all ARS Section 42-2056 requests for relief	MS-Access	MS-Access	Win NT	PC	MS-Access 97	1999	D. Palanchian
audit.mdb	TPT & Use Tax; audit section	Statutes, rules, rulings, and other authority relating to various audit issues. This is not an up to date database, but is used as a starting point for research.	MS-Access	MS-Access	Win NT	PC	MS-Access 97	1999	D. Palanchian
carsinv2.mdb	CARS, Use Tax Division, TRA	Database to track and produce notices and reports for the Contested Audit Resolution caseload.	MS-Access	MS-Access	Win NT	PC	MS-Access 97	1997	D. Palanchian
Secured DOTPLS Database.mdb	DOTPLS, TRA, TPT, TX, etc.	Issue letters and rule package, and time tracking	MS-Access	MS-Access	Win NT	PC	MS-Access 97	1998	D. Palanchian
Public School Credit Returns	OERA		MS-Access	MS-Access	Win NT	PC	MS-Access 97	1998	T. Christie

Application Name	Abbrv	Description	Development Language	Data base	Operating System	Resident Hardware	Ver	Date Installed	Developer
Private School Credit Returns	OERA	Contains information from all private school credit tax returns filed for 1998 tax year	MS-Access	MS-Access	Win NT	PC	MS-Access 97	1998	T. Christie
Individual Income Tax Model	OERA	Sample of 30,000+ individual income tax returns from tax year 1997. Similar sample exists for tax year 1996 and 1995.	COBOL			Main-frame		1986	D. Krause

Criminal & Civil Investigations

Application Name	Abbrv	Description	Development Language	Data base	Operating System	Resident Hardware	Ver	Date Installed	Developer
Criminal tracking	C&CI	Logging of all incoming complaints & assignments	D-base	MS-Access	Tabletop PC	MS Access 97 / Win NT	1	1/1/99	Steve Stefl
Prop 200	C&CI	Inspection tracking for tobacco	MS-Access	MS-Access	Win NT	PC	Access 97	Apr-95	Dave Manzer
IRS - requests	C&CI	Logging of disclosure D-base	Microsoft office Win NT	MS-Excel	Win NT	Compaq	V-75	2/15/96	Karilee Hodges
C&CI accruals	C&CI	Tracking of all leave accrued and used by employees	MS-Access	MS-Access	Win NT	PC	Access 97	Sep-99	Carol Anguis

Hearing Office

Application Name	Abbrv	Description	Development Language	Data base	Operating System	Resident Hardware	Ver	Date Installed	Developer
FERC Appeals Case Tracking System	Hearing Office	Tracks FERC appeals to the Hearing Office and the Director's Office	MS-Access	Yes	Win NT	Phxfile 01	1	1998	L. Crocker
Appeals Case Tracking System	Hearing Office	Tracks all appeals to the Hearing Office and the Director's Office	MS-Access	Yes	Win NT	Phxfile 01	1	1998	L. Crocker

Personnel Office

Application Name	Abbrv	Description	Development Language	Data base	Operating System	Resident Hardware	Ver	Date Installed	Developer
Resumix		Resume Employment database used to create hire lists			DOA			7/1/99	Resumix
Position Tracking Log	PTL	FY tracking of all vacant positions and how they were filled	MS-Excel						
Classification Log		FY listing of all classification actions for the department	MS-Excel						
Promotional Appl. Tracking	PAT	Program designed to run internal lists and track number of applicants who apply for these promotional vacancies							DOR IT
PASE Scores		Spreadsheet shows PASE scores for agency	MS-Excel						Personnel

Application Name	Abbrv	Description	Development Language	Data base	Operating System	Resident Hardware	Ver	Date Installed	Developer
Overtime Elections		Spreadsheet shows method of pay/comp for employees eligible for overtime	MS-Excel						Personnel
Family and Medical Leave Act	FMLA	Spreadsheet s tracks those employees who have applied for FMLA; eligibility status for employees to FMLA	MS-Excel						Personnel
Donated Leave		Spreadsheet lists those employees who have applied for donated leave	MS-Excel						Personnel
Temporary Employee Log		Spreadsheet lists all temporary employees working in DOR during the year.	MS-Excel						Personnel
Unemployment Insurance Claims		Spreadsheet listing all employees who have applied for unemployment benefits	MS-Excel						Personnel

Planning and Budget Office (PBO)

Application Name	Abbrv	Description	Development Language	Data base	Operating System	Resident Hardware	Ver	Date Installed	Developer
AZIPS	AZIPS	OSPB strategic plan database		MS-Access					OSPB
BUDDIES	BUDDIES	OSPB budget submission database		MS-Access					OSPB
POSITION TRACKING	POSIT RAK II	Vacancy position tracking	MS-Excel						PBO

Application Name	Abbrv	Description	Development Language	Data base	Operating System	Resident Hardware	Ver	Date Installed	Developer
	ORG Charts	Agency-wide organization charts	MS-Visio						PBO
		Maintenance contracts tracking		MS-Access					PBO
	VTS	Vacancy tracking system		MS-Access					IT
		Auditor General Audits - tracking of improvements	MS-Excel						PBO
		Budget Tracking spreadsheets	MS-Excel						PBO
		Monthly Governor reports	MS-Excel						PBO
		Strategic Plan - quarterly updates	MS-Excel						PBO
		Flowcharts	MS-Visio						PBO

Property Tax Division

Application Name	Abbv	Description	Development Language	Data base	Operating System	Resident Hardware	Ver	Date Installed	Developer
SALES TRACKING SYSTEM	STS	RUNTIME APPLICATION OF PROPERTY SALES INVENTORY MATCHED WITH PARCEL INFORMATION AT TIME OF SALE. 306,000 TOTAL RECORDS WITH 183 FIELDS	FOXPRO	YES	WINDOWS, 95, 98 AND NT	INSTALLED ON LAN AND 12 REMOTE LOCATIONS	3.00	1/1/96	PT DIVISION
SALES ANALYSIS TOOL	SAT	RUNTIME APPLICATION OF PROPERTY SALES INVENTORY MATCHED WITH CURRENT PARCEL INFORMATION. 96,000 TOTAL RECORDS WITH183 FIELDS.	FOXPRO	YES	WINDOWS, 95, 98 AND NT	INSTALLED ON LAN AND 12 REMOTE LOCATIONS	3.00	1/1/97	PT DIVISION
LAND VALUATION SYSTEM	LVS	RUNTIME APPLICATION OF VARIOUS LAND CHARACTERISTI	FOXPRO	YES	WINDOWS, 95, 98 AND NT	INSTALLED ON LAN AND 11 REMOTE LOCATIONS	2.20	1/1/96	PT DIVISION

Application Name	Abbv	Description	Development Language	Data base	Operating System	Resident Hardware	Ver	Date Installed	Developer
		CS AND PARCEL FILE INFORMATION FOR THE PURPOSE OF MASS APPRAISAL OF LAND. 894,000 TOTAL RECORDS WITH 595 FIELDS.							
ADAPTIVE ESTIMATION PROGRAM	AEP	THE AEP SYSTEM IS AN ADAPTIVE ESTIMATION PROCEDURE OR "FEEDBACK" MODELING SYSTEM TO WORK WITH DATA BASE MANAGEMENT SYSTEMS OR IN THIS CASE THE LAND VALUATION SYSTEM.	MS-BASIC AND MS-C.	NO	WINDOWS, 95, 98 AND NT	INSTALLED ON LAN AND 11 REMOTE LOCATIONS	4.03	1/1/96	SRA
RESIDENTIAL TIME ADJUSTMENT TEMPLATE		EXCEL SPREADSHEET THAT HAS LOOKUP TABLES WHICH CALCULATES RESIDENTIAL SALES TO PRESENT WORTH BASED ON TIME AND LOCATION	MS-Excel	NO	WINDOWS, 95, 98 AND NT	INSTALLED ON LAN AND 12 REMOTE LOCATIONS	N/A	8/1/99	PT DIVISIO N
LAND TIME ADJUSTMENT TEMPLATE		EXCEL SPREADSHEET THAT HAS LOOKUP TABLES WHICH CALCULATES VACANT LAND SALES TO PRESENT WORTH BASED ON TIME AND LOCATION	MS-Excel	NO	WINDOWS, 95, 98 AND NT	INSTALLED ON LAN	N/A	1/1/00	PT DIVISIO N
BASE HOME TEMPLATE		EXCEL SPREADSHEET CONTAINING MACROS THAT CALCULATE RESIDENTIAL PROPERTY VALUES BASED ON A SERIES OF REGRESSION	MS-Excel	NO	WINDOWS NT	INSTALLED ON LAN	N/A	1/1/96	PT DIVISION

Application Name	Abbv	Description	Development Language	Data base	Operating System	Resident Hardware	Ver	Date Installed	Developer
		COEFFICIENTS, PROPERTY CHARACTERISTICS AND LOCATION FACTORS							
MULTIPLE REGRESSION ANALYSIS	MRA	A STATISTICAL TECHNIQUE USED TO ANALYZE DATA IN ORDER TO PREDICT THE VALUE OF ONE VARIABLE, FROM THE KNOWN VALUES OF OTHER VARIABLES. USED TO VALUE 97,000 RESIDENTIAL PROPERTIES.	SPSS	NO	WINDOWS NT	INSTALLED ON LOCAL	10.00	1/1/96	PT DIVISION
MOBILE HOME DATABASE	N/A	RUN TIME APPLICATION OF MOBILE HOMES AND IMPROVEMENTS WITH QUERY, UPDATE, AND REPORTING CAPABILITIES. WHEN COMPLETED WILL BE INSTALLED LOCALLY	SPSS, MS-Excel, MS-Access	YES	WINDOWS 95, 98, NT	LOCAL WHEN COMPLETE	SPSS V. 10.0		PT DIVISION
MOBILE HOME SALES	N/A	EXTENSIVE SPREADSHEET WITH UNIQUE DATA INPUT FORMS. DATA USED TO GENERATE ANNUAL MOBILE HOME VALUATION TABLES.	MS-Excel	NO	WINDOWS 95, 98, NT	NO			PT DIVISION
CONSTRUCTION COST MANUAL ON CD-ROM	N/A	CD-ROM BASED VERSION OF CONSTRUCTION COST MANUAL.	AUTHOR WARE	NO	WINDOWS NT	LOCAL	4.0	7/1/98	PT DIVISION
COMMERCIAL PROPERTY STUDY PUBLICATION TEMPLATES	N/A	EXCEL SPREADSHEET CONTAINING MACROS CONVERTING TABLE DATA VALUES INTO CHARTS AND GRAPHS.	MS-Excel	NO	WINDOWS 95, 98, NT	LAN	N/A	1/1/96	PT DIVISION

Application Name	Abbv	Description	Development Language	Data base	Operating System	Resident Hardware	Ver	Date Installed	Developer
COMMERCIAL PROPERTY SALES, INCOME, AND EXPENSE ANALYSIS	N/A	SPSS DATA BASE INCORPORATING STATISTICAL FORMULAS TO DEVELOP MEANS, MEDIANS, TRENDS, AND BREAKDOWNS OF SALES, INCOME, VACANCY, AND EXPENSE DATA FOR APPROXIMATELY 4,000 PARCELS WITH 88 DATA FIELDS.	SPSS	YES	WINDOWS 98, NT	LOCAL	10.0	1/1/98	PT DIVISION
RAILROAD VALUATION		SPREADSHEETS USED TO VALUE RAILROADS FOR PROPERTY TAX PURPOSES.	MS-Excel	NO	Windows 95, 98 and NT	INSTALLED ON LAN	N/A	1/95	PT DIVISION
RAILROAD VALUATION		RUNTIME APPLICATION TO CAPTURE FINANCIAL DATA FOR VALUATION OF RAILROAD PROPERTY.	MS-Access	YES	WINDOWS 95, 98 AND NT	INSTALLED ON LAN	N/A	3/99	PT DIVISION
ELECTRIC COMPANY VALUATION		SPREADSHEETS USED TO VALUE ELECTRIC UTILITY COMPANIES FOR PROPERTY TAX PURPOSES	MS-Excel	NO	WINDOWS 95, 98 AND NT	INSTALLED ON LAN	N/A	1/97	PT DIVISION
CO-OP ELECTRIC VALUATION		SPREADSHEETS USED TO VALUE CO-OP ELECTRIC COMPANIES FOR PROPERTY TAX PURPOSES	MS-Excel	NO	WINDOWS 95, 98 AND NT	INSTALLED ON LAN	N/A	1/97	PT DIVISION
MINES DATABASE		DATABASE CONTAINING INFORMATION ON MINES, INCLUDING INDIVIDUAL LAND PARCELS, FCV'S, PRODUCTION RATES, PRODUCTS, ETC.	MS-Access	YES	WINDOWS 95, 98 AND NT	INSTALLED ON LAN	N/A	1/98	PT DIVISION
UTILITY		7614 LAND PARCELS FOR CVP TAXPAYERS	MS-Access	YES	WINDOWS 95, 98 AND NT	INSTALLED ON LAN	N/A	1/98	PT DIVISION

Application Name	Abbv	Description	Development Language	Data base	Operating System	Resident Hardware	Ver	Date Installed	Developer
METAL PRICES		SEVERAL WORKBOOKS, EACH WITH YEARLY METAL PRICES LINKED TO DAILY, WEEKLY, MONTHLY SPREADSHEETS .	MS-Excel	NO	WINDOWS 95, 98 AND NT	INSTALLED ON LAN	N/A	11/98	PT DIVISION
HISTORICAL DATA		20-YR HISTORICAL DATA & GRAPHS FROM MINES; SPECIFIC PARAMETERS.E. G. CATHODE PRODUCTION LINKED TO BASE WORKSHEET.	MS-Excel	NO	WINDOWS 95, 98 AND NT	INSTALLED ON LAN	N/A	11/98	PT DIVISION
VALUATION WORKSHEETS - MINES	FCV MINES	VALUATION WORKSHEETS FOR FULL CASH VALUES; ACCESSES DATA RECORDS TO CALCULATE FCV REQUIRES OTHER INPUTS.	MS-Excel	NO	WINDOWS 95, 98 AND NT	INSTALLED ON LAN	N/A	1/96	PT DIVISION
VALUATION WORKSHEETS	FCV OIL/ GAS	VALUATION WORSHEET FOR OIL GAS TAXPAYERS; CALCULATES FCV FROM DATA	MS-Excel	NO	WINDOWS 95, 98 AND NT	INSTALLED ON LAN	N/A	1/96	PT DIVISION
MINES DATA	DATA MINES	5-YEAR HISTORICAL DATA FOR MININE TAXPAYERS	MS-Excel	YES	WINDOWS 95, 98 AND NT	INSTALLED ON LAN	N/A	1/96	PT DIVISION
OIL GAS DATA	DATA OIL GAS	PRIOR YEAR PRODUCTION DATA FOR TAXPAYERS	MS-Excel	Yes	WINDOWS 95, 98 AND NT	INSTALLED ON LAN	N/A	1/96	PT DIVISION
MINE/OIL GAS TAXBILLS	TAX BILLS	DATABASE FOR CALCULATING TAX BILLS FOR MINES/OIL GAS; BACKUP CHECK DATABASE.	MS-Excel	YES	WINDOWS 95, 98 AND NT	INSTALLED ON LAN	N/A	1/96	PT DIVISION
AIRLINE VALUATION SPREAD SHEET		EXCEL WORKBOOK WITH STATUTORY FORMULAS WHICH CALCULATES ARIZONA FULL CASH VALUES.	MS-Excel	NO	WINDOWS 95, 98 AND NT	INSTALLED ON LAN	N/A	8/99	PT DIVISION

Application Name	Abbv	Description	Development Language	Data base	Operating System	Resident Hardware	Ver	Date Installed	Developer
PIPELINE VALUATION SPREAD SHEETS		EXCEL WORKBOOK THAT CONTAINS STATUTORY FORMULAS TO VALUE PIPELINE COMPANIES AND CALCULATE AZ FULL CASH VALUE.	MS-Excel	NO	WINDOWS 95, 98 AND NT	INSTALLED ON LAN	N/A	8/99	PT DIVISION
PIPELINE ACCESS DATABASE		RUNTIME APPLICATION TO CAPTURE FINANCIAL DATA FOR VALUATION OF PIPELINE PROPERTY. STILL IN DEVELOPMENT STAGE	MS-Access	YES	WINDOWS 95, 98 AND NT	INSTALLED ON LAN	N/A	8/99	PT DIVISION
VALUATION REVIEW TEMPLATES		TEMPLATES TO REVIEW ABOVE CALCULATIONS & MACROS TO CLEAR ENTRIES.	MS-Excel	NO	WINDOWS 95, 98 AND NT	INSTALLED ON LAN	N/A	8/99	PT DIVISION
TELECOM - MUNICATION VALUATION		SPREADSHEETS USED TO VALUE TELECOMMS - COST LESS DEPRECIATION.	MS-Excel	NO	WINDOWS 95, 98 AND NT	INSTALLED ON LAN	N/A	3/99	PT DIVISION
PRIVATE RAILCAR VALUATION		RUNTIME APPLICATION TO CAPTURE FINANCIAL DATA FOR VALUATION OF PRIVATE RAILCARS.	MS-Access	YES	WINDOWS 95, 98 AND NT	INSTALLED ON LAN	N/A	3/99	PT DIVISION
AVERAGE STATE TAX RATE		WORKSHEETS USED TO CALCULATE THE AVERAGE STATE TAX RATE	MS-Excel	NO	WINDOWS 95, 98 AND NT	INSTALLED ON LAN	N/A	3/99	PT DIVISION
CVP TAXPAYER INFORMATION		ALL CVP INFORMATION ON THE MAINFRAME DOWNLOADED IN ACCESS.	MS-Access	YES	WINDOWS 95, 98 AND NT	INSTALLED ON LAN	N/A	3/99	PT DIVISION
WATER & SEWER VALUATION WORKSHEETS		SPREADSHEETS AND 5-YEAR HISTORY WORKSHEETS W/MACROS FOR USE IN VALUING WATER AND SEWER UTILITIES.	MS-Excel	N/A	WINDOWS 95, 98 AND NT	INSTALLED ON LAN	N/A	1/98	PT DIVISION

Application Name	Abbv	Description	Development Language	Data base	Operating System	Resident Hardware	Ver	Date Installed	Developer
WATER SEWER COMPANY VALUATION		RUNTIME APPLICATION TO CAPTURE FINANCIAL DATA FOR VALUATION OF WATER/SEWER COMPANIES.	MS-Access	YES	WINDOWS 95, 98 AND NT	IINSTALLED ON LAN	N/A	3/99	PT DIVISION
LEVY LIMIT WORKSHEETS		SPREADSHEETS USED TO CALCULATE LEVY LIMITS BY COUNTY AND VARIOUS CITIES WITHIN EACH COUNTY - ANNUAL.	MS-Excel	N/A	WINDOWS 95, 98 AND NT	INSTALLED ON LAN	N/A	1/98	PT DIVISION
CLASS VII ASSESSMENT RATIO		SPREADSHEETS USED TO ACCUMULATE DATA IN ORDER TO CALCULATE CLASS VII ASSESSMENT RATIO FOR AIRLINES, RAILROADS AND PRIVATE RAILCARS.	MS-Excel	N/A	WINDOWS 95, 98 AND NT	INSTALLED ON LAN	N/A	1/98	PT DIVISION
SUMMARY OF VALUES		SPREADSHEET LISTING FULL CASH VALUES OF ALL CENTRALLY VALUED TAXPAYERS FOR CURRENT AND PRIOR 2 YEARS.	MS-Excel	N/A	WINDOWS 95, 98 AND NT	INSTALLED ON LAN	N/A		PT DIVISION
PENALTY LOG		RUNTIME APPLICATION THAT TRACKS RECEIPT OF ANNUAL REPORTS FOR ALL CVP TAXPAYERS, AND CALCULATES PENALTIES FOR LATE/NON FILERS.	MS-Access	N/A	WINDOWS 95, 98 AND NT	INSTALLED ON LAN	N/A		PT DIVISION

Application Name	Abbv	Description	Development Language	Data base	Operating System	Resident Hardware	Ver	Date Installed	Developer
LAND PARCELS		LISTING OF CENTRALLY VALUED LAND PARCELS ADDED OR DELETED FROM CVP ROLLS - LISTING MAILED TO AFFECTED COUNTIES YEARLY FOR APPROPRIATE ACTION.	MS-Excel	N/A	WINDOWS 95, 98 AND NT	INSTALLED ON LAN	N/A		PT DIVISION
WRITE4	N/A	PROGRAM TO CREATE 4 DBASE FILES TO BE READ BY BUILDING PERMIT SYSTEM	DBASE	NO	DOS	LAN			PT DIVISION
MISCLEAN , CODEIT, PERMIT, PARCEL, STRIP	N/A	PROGRAMS TO CLEANUP INCOMING ELECTRONIC BUILDING PERMIT DATA	DBASE	NO	DOS	LAN			PT DIVISION
BPS LOG	BPS LOG	DATABASE FOR BUILDING PERMIT SYSTEM TO TRACK BATCH PROCESSING OF PERMITS	MS-Access	YES	WINDOWS NT	INSTALLED ON LAN	4	12/99	PT DIVISION
INFOMAKER LIBRARIES		VARIOUS CUSTOM REPORTS AND QUERIES TO ANALYZE AND REPORT ON BUILDING PERMIT SYSTEM	INFOMAKER SQL	NO	WINDOWS NT	LOCAL			PT DIVISION
TIME ADJUSTMENT PROGRAMS	N/A	SPSS PROGRAMS TO ANALYZE SALES DATA TO CREATE TIME ADJUSTMENT FACTORS FOR VACANT LAND, AND IMPROVED PROPERTIES	SPSS 10	NO	WINDOWS NT	LOCAL	10		PT DIVISION
BUILDING PERMIT HELP FILES	N/A	HELP FILES FOR BUILDING PERMIT SYSTEM	ROBOHELP	NO	WINDOWS NT	LAN			PT DIVISION
MAINFRAME SPSS PROGRAMS	N/A	NUMEROUS CUSTOM MAINFRAME PROGRAMS USED FOR	SPSS	NO		MAINFRAME			PT DIVISION

Application Name	Abbv	Description	Development Language	Data base	Operating System	Resident Hardware	Ver	Date Installed	Developer
		RESEARCH & ANALYSIS OF PROPERTY TAX MAINFRAME FILES							
GIS MAPPING PROGRAM	GIS	Production of Digital Tax Area Code Maps and other specialized applications to support property appraisal and assessment functions. Program currently utilizes the following software:	GIS	NT		Compaq SP700 Workstation		1999	Wei Gao
		GIS SOFTWARE							
		ARC/INFO (Windows NT)					8	2000	ESRI
		ARC/VIEW 3.2 (NT)					3.2	2000	ESRI
		ArcView IMS V. 1.0A					1.0A	2000	ESRI
		AutoCAD (NT)					2000	1999	Autodesk
		Geographic Transformer						1999	Blue Marble
		Geographic Transformer AVX						1999	Blue Marble
		S-Plus 4.5 Professional						2000	MathSoft
		S-Plus Statistical						1999	MathSoft
		S-Plus for ArcView GIS						1999	MathSoft
		COGO Module (NT)						1999	ESRI
		ArcView Spatial Analyst						1999	ESRI
		ArcView Network Analyst						1999	ESRI
		ArcView Arc Press						1999	ESRI
		ArcView 3D Analyst						1999	ESRI

Staff Organization & Development (SODS)

Application Name	Abbv	Description	Development Language	Data base	Operating System	Resident Hardware	Ver	Date Installed	Developer
Registrar	SODS	Central training records system	C++ and Visual Basic	Fox Pro25	Win NT, 95 or 98	phxfile 01(X:0	6.5.04	8/2/99	Sitton-Bookman (merged with Pathlore)
Personal Registrar	SODS	On-line training registration and records access system	C++ and Visual Basic	Fox Pro25	NT Server	phxsql 02	6.5.06	10/18/99	Sitton-Bookman (merged with Pathlore)

Taxation Division

Application Name	Abbv	Description	Development Language	Data base	Operating System	Resident Hardware	Ver	Date Installed	Developer
Auditor Activity	Aud Activity	Auditor production data; auditor notes, bankruptcy info, NPA codes info downloaded from mainframe	MS-Access	MS-Access	Windows		MS-Access 97	12/10/98	D. Van Meter / K. Riley / R. Johnson
Auditor Production Reports	FYE 00 Team Prod	Auditor production reports for current grading period; shows monthly and YTD production figures	MS-Excel	MS-Excel	Windows		Excel 97	9/1/99	T. McGinnis / K. Riley
Auditor Errors and Time	Auditor Errors and Time	Auditor payroll/admin time info; info on auditor errors	MS-Access	MS-Access	Windows		MS-Access 97		R. Johnson
Amended Returns Tracking	Amended	Information on amended returns	MS-Access2.0	MS-Access 2.0	Windows		MS-Access 97		R. Johnson
Bad Address	Bad Address	Accounts with bad addresses	MS-Access	MS-Access	Windows		MS-Access 97		R. Johnson
Federal Tracking Database	Federal Tracking Database	Revenue Agent Reports received from IRS	MS-Access	MS-Access	Windows		MS-Access 97		R. Johnson
Accumulated Changes	Accumulated Changes	Changes during 1998 for IQ08 history screen	MS-Access	MS-Access	Windows		MS-Access 97		D. Van Meter / R. Johnson
Address Changes	Address Changes	Accounts with address changes	MS-Access	MS-Access	Windows		MS-Access 97		D. Van Meter / R. Johnson
City Names	City Names	Corrects misspelled	MS-Access	MS-Access	Windows		MS-Access		R. Thuenen

Application Name	Abbv	Description	Development Language	Data base	Operating System	Resident Hardware	Ver	Date Installed	Developer
		city names to correct spelling					97		
FMOL Offices by Zip	FMOL_ OfficesB yZip	Shows which office a zip code is assigned to	MS-Access	MS-Access	Windows		MS-Access 97		R. Johnson
Deselect	Deselect	Used to identify taxpayer's temporarily exempt from audit	MS-Access	MS-Access	Windows		MS-Access 97		D. Van Meter
Electronic W-2	Electroni c W-2	Currently under development Employer-reported AZ Withholding Reconciliation to Employer remittances	MS-Access	MS-Access	Windows		MS-Access 97		D. Van Meter
Electronic W-2 Parsing	Electroni c W-2 Parsing	Currently under Developme nt Parses employer-reported AZ WH amounts withheld from employee wages submitted on 3 1/2" floppies. Creates files suitable for import into Access. Identifies / classifies data format and other errors.	Visual Basic		Windows		VB5		D. Van Meter
Purge Program RGT		Used to document taxpayer audit files prepared for records retention and assign a unique box number.		MS-Exc el			MS-Excel 97		Randall Thuenen
ITA Purge Database		Used to record all taxpayer audit files sent to records retention and identifies exactly where the file can be located within the retention system.		MS-Acc ess			MS-Access 97		Randall Thuenen

Application Name	Abbv	Description	Development Language	Data base	Operating System	Resident Hardware	Ver	Date Installed	Developer
Individual Income Tax Audit Payment Application Program		Used to rebuild taxpayer account receivable when the A/R system failed to reapply them correctly.		MS-Access			MS-Access 97		Randall Thuenen
Business Master File	BMF	Contains records from business master file reports	MS-Access	MS-Access	Windows		MS-Access 97		
Paper W2 Project	Paper W-2 Project	Contains 1996 withholding paper W-2 records	MS-Access	MS-Access	Windows		MS-Access 97		
NPA Codes	NPA Codes	Contains Notice of Proposed Assessment Codes and their descriptions.	MS-Access	MS-Access	Windows		MS-Access 97		
95 '96 '97 FMOL Program	FMOL	Used to generate audit leads for '95 '96 '97 FMOL program.	MS-Access	MS-Access	Windows		MS-Access 97		D. Van Meter
95 Match Merge Program	95mm	Used to generate audit leads for '95 Match Merge program.	MS-Access	MS-Access	Windows		MS-Access 97		D. Van Meter
96 Match Merge Program	96mm	Used to generate audit leads for '96 Match Merge program.	MS-Access	MS-Access	Windows		MS-Access 97		D. Van Meter
Nexus	Nexus	Contains NEXUS referrals for partnerships.	MS-Access	MS-Access	Windows		MS-Access 97		
Partnership Returns Locator		Contains data on partnership returns filed from batch years 1995-1999.	MS-Access	MS-Access	Windows		MS-Access 97		
Partnership Leads		Contains information	MS-Access	MS-Access	Windows		MS-Access		K. Riley

Application Name	Abbv	Description	Development Language	Data base	Operating System	Resident Hardware	Ver	Date Installed	Developer
		on Standard Industrial Classification codes.					97		
Multi-State Partnership Template		Template for entering information for partnerships outside AZ.	MS-Excel	excel	Windows		MS-Excel 97		L. Wong/K. Riley
AZ Partnership Template		Template for entering information for AZ partnerships.	MS-Excel	excel	Windows		MS-Excel 97		L. Wong/K. Riley
Withholding Audit Worksheets	WHAUDITWP	Contains worksheets for entering information pertaining to withholding audits.	MS-Excel	excel	Windows		MS-Excel 97		
Kerr - Kadax		Contains records from Kerr project.	MS-Access	MS-Access	Windows		MS-Access 97		
FERC Estimates		Contains records from FERC project.	MS-Access	MS-Access	Windows		MS-Access 97		
Auditor Administrative Hours Report	AAHR	Form for tracking administrative hours.	MS-Excel	MS-Excel	Windows		MS-Excel 97		K. Riley
Inventory Supply Log	INV. SUPPLY LOG	Log for ordering supplies.	MS-Excel	MS-Excel	Windows		Excel 97		M. Zaragoza
RAR Inventory		Worksheets/charts to track inventory of old/new RAR's.	MS-Excel	MS-Excel	Windows		MS-Excel 97		K. Riley
Online Fed Info		Currently in Development Enables authorized staff to view IMF/IRTF (fed rtn) data on their PC's	MS-Access	MS-Access	Windows		MS-Access 97		D. Van Meter
Online Fed Info		Currently in Development Prepares	Visual Basic		Windows		VB5		D. Van Meter

Application Name	Abbv	Description	Development Language	Data base	Operating System	Resident Hardware	Ver	Date Installed	Developer
		IMF/IRTF files for import into Access							
FedStar		Currently in development FedStar (electronic RAR) program records from IRS.	MS-Access	MS-Access	Windows		MS-Access 97		D. Van Meter
FedStar		Currently in development Prepares data files submitted by IRS for import into Access	Visual Basic		Windows		Visual Basic 5.0		D. Van Meter
Ladewig		Currently on hold in Development Processes available data for pending legal issue	MS-Access		Windows		MS-Access 97		D. Van Meter
Several other file Parsing Utilities		Used to prepare download files for import into Access. Examples include: IRMF data for Match Merge, FMOL audit programs and Ladewig AZ Filing Histories for Match Merge, FMOL, RAR, CP2000 and other audit programs	Visual Basic		Windows		Visual Basic 5.0		D. Van Meter
Bankruptcy		Contains records from bankruptcy system download.	MS-Access	MS-Access	Windows		MS-Access 97		D. Van Meter

Application Name	Abbv	Description	Development Language	Data base	Operating System	Resident Hardware	Ver	Date Installed	Developer
Employee Travel Claims	Travel Forms 1	Used by auditors to track travel claims, mileage and expenses.	MS-Excel	MS-Excel	Windows		MS-Excel 97		
AUDCARD		History of Audit Assessments	MS-Access 97					10/98	Bob Bumgarner
DBRAR		Corp RAR's	MS-Access 97					10/98	Bob Bumgarner
FORT500		Fortune 500 Corporations	MS-Access 97					10/98	Bruce Yanulavich
DUMPS		All filers of Corp. returns	MS-Access 97					9/98	Bob Bumgarner
CORPNEXUS		Nexus audits	MS-Access 97					2/99	Bob Bumgarner
3RD FLOOR		Third floor work	MS-Access 97					11/98	Jack Magee
AIMSLAND		Federal RAR information	MS-Access 97					11/98	Bruce Yanulavich
AUDITOR'S NAME & NUMBERS		Audit personnel auditor numbers and names	MS-Access 97					10/99	Bruce Yanulavich
TIME2		Auditor's Time charged to work categories	MS-Access 97					9/98	Bob Bumgarner
CORP PERSONNEL		Corp. personnel and job position information	MS-Access 97					10/99	Bruce Yanulavich
CORP PROT		Corp. Audit Protests	MS-Access 97					10/98	Bruce Yanulavich
SB1121		SB 1120 filers and info.	MS-Access 97					10/98	Bob Bumgarner
FIELD		Audit assignments to field personnel	MS-Access 97					9/98	Bruce Yanulavich
WORKTIME		Track work schedules of the Personnel	MS-Access 97					9/99	Bruce Yanulavich
SIC		Federal SIC Codes	MS-Access 97					2/98	Bruce Yanulavich
AZDIV98		Arizona Corps. With more than 50%	MS-Access 97					1/99	Bruce Yanulavich

Application Name	Abbv	Description	Development Language	Data base	Operating System	Resident Hardware	Ver	Date Installed	Developer
		Apport. Ratio in Az.							
AZDIV99		Arizona Corps. With more than 50% Apport. Ratio in Az.	MS-Access 97					1/00	Bruce Yanulavich
Corporate - Audit Production		Used to prepare reports	MS-Access	MS-Access	Windows		MS-Access 97		Tammy Fucci receives this from Corporate Audit
Auditor Number		Issuing and tracking numbers assigned to auditors.	MS-Access	MS-Access	Windows		MS-Access 97		Tammy Fucci
Advanced Tax Workshop	ATW	Used in the presentation of an annual workshop for the continuing education of a professional staff. Examples include: enrollment, registration, rosters, room schedules, and hotel registration. Enrollment information is forwarded to Staff and Organization Development Section.	MS-Excel	MS-Excel	Windows		MS-Excel 97		Tammy Fucci
Taxation's Monthly Reports		Used to compile numbers for monthly reports and prepare graphs for the Governor, bulletin boards, and Intranet	MS-Excel	MS-Excel	Windows		MS-Excel 97		Tammy Fucci

Application Name	Abbv	Description	Development Language	Data base	Operating System	Resident Hardware	Ver	Date Installed	Developer
Requisitions		Used to track and analyze requisitions	MS-Access	MS-Access	Windows		MS-Access 97		Trudy Kluth
Taxation EPAS		Used to track and compile employee evaluations	MS-Access	Access	Windows		MS-Access 97		Trudy Kluth
Taxation's Budget		Used to monitor Taxation's budget	MS-Excel	MS-Excel	Windows		MS-Excel 97		Trudy Kluth
Employee Merit		Used to compile employee evaluations and merit increases	MS-Excel	MS-Excel	Windows		MS-Excel 97		Trudy Kluth
Performance Measures		Used to compile and track performance measures for the Taxation Division	MS-Excel	MS-Excel	Windows		MS-Excel 97		Trudy Kluth
Legislation		Tracking proposed legislation and their responses.	MS-Excel	MS-Excel	Windows		MS-Excel 97		Nelda Coppi
Personnel Activity		Tracking personnel activity for the Taxation Division	MS-Excel	MS-Excel	Windows		MS-Excel 97		Nelda Coppi
Closing Agreements		Tracking Taxation's closing agreements	MS-Excel	MS-Excel	Windows		MS-Excel 97		Nelda Coppi
Appeals		Tracking appeals	MS-Excel	MS-Excel	Windows		MS-Excel 97		Nelda Coppi
Control Correspondence General Correspondence		Tracking Taxation's control correspondence and general correspondence	MS-Excel	MS-Excel	Windows		MS-Excel 97		Nelda Coppi

Taxpayer Support

Application Name	Abbrv	Description	Development Language	Data base	Operating System	Resident Hardware	Ver	Date Installed	Developer
Forms System			MS-Access		Microsoft				J. Lewandowski
Tobacco			MS-Access		Microsoft				J. Lewandowski
Applied Fors			MS-Access		Microsoft				J. Lewandowski
CORE Registration			MS-Excel		Microsoft				D. Muccilli
Bingo Licenses			MS-Excel		Microsoft				D. Manzer
Production Numbers			MS-Excel		Microsoft				D. Smith
Temporary Budgets			MS-Excel		Microsoft				D. Smith

Transaction Privilege and Use Tax Division

Application Name	Abbrv	Description	Development Language	Database	Operating System	Date Installed	Developer
Commerce Business Daily	CBD	Weekly listing of all Federal Contracts let to contractors	3rd Party			1995	Nimbus Info Systems
Dodge	Dodge	Daily listing of all contracting jobs in Arizona	3rd Party			1992	F W Dodge
Nexus database	Nexus	Nexus tables	Visual Basic	MS-Access		Dec-99	Dennis Rodgers
AuditObj.mdb	TPT Audit	Auditor's Inventory & Completed Audits (consists of 7 Separate Access databases under one umbrella)	Visual Basic	MS-Access		Dec-99	Dennis Rodgers & Jeff Tumilson
Mega	Mega	Inventory & History of TPT accounts (consists of 14 Separate Access databases under one umbrella)	Visual Basic	MS-Access		Dec-99	Dennis Rodgers & Jeff Tumilson
Customs	Customs	Conversion programs to transfer data to Access	dBase			Jul-98	Dennis Rodgers
Construction	Const	Conversion programs to transfer data to Access	dBase			Dec-99	Dennis Rodgers & Jeff Tumilson
Building Permits	Permits	Conversion programs to transfer data to Access	dBase			Jul-98	Dennis Rodgers & Jeff Tumilson
Closing Agreements	Closing	Conversion programs to transfer data to Access	dBase			Dec-99	Dennis Rodgers
CityAuto	CityAuto	Billing and Tracking of Program City Use Tax on Vehicles (Input routine uses MS-Access forms, otherwise, dBase exe)	dBase/MS-Access			Nov-96	AC Savage
Protest	Protest	Tracking/Report Generation for Protest Unit. (Consists of 3 exe files)	dBase			Aug-96	AC Savage
Refunds	Refunds	Tracking/Correspondence/Report Generation for Refunds Section. (Reports routine uses	dBase/MS-Access			Jun-96	AC Savage

Application Name	Abbrv	Description	Development Language	Database	Operating System	Date Installed	Developer
		MS-Access with dBase dbf files linked. Browse/Input and Edit routines are dBase exe)					
Grand-fathered Contracts	Grand-fathered Contracts	Tracking/Correspondence Generation for Recurring Preexisting Contracts exception./Separate Search MDB	MS-Access			Jan-00	AC Savage
Contracting Factors	Contracting Factors	Generates Contracting Factors/Worksheets/and City Option List. Consists of working MDB and Print Only MDB	MS-Access			May-99	AC Savage
Issue Codes	Issue Codes	Maintenance and Generation of Issue Code List	MS-Access			Feb-99	AC Savage
Issue Search	Issue Search	Generates report on Specific issue codes based on search of linked protest and refunds dBase databases	MS-Access			May-99	AC Savage
Travel	Travel	Tracking/Report generation on Division Travel Budget and Usage. Consists of 4 MDB. UNDER DEVELOPMENT	MS-Access			Mar-00	AC Savage
Refunds Interest	Refunds Interest	Calculates and Prints Interest Schedule for Specific Refunds	MS-Excel			Dec-95	AC Savage
Mac2000	Mac2K	Excel template to determine the appropriate tax liability	Visual Basic		Windows NT	Apr-00	Bowler/Larkin
Tri-Star	Tri-Star	Excel template to extract the tax information from an ASCII file.	Visual Basic		Windows NT	Nov-99	Bowler/Larkin
TPTTripInfo.mdb	TPT Admin	Trip Info that Janice Enters	Visual Basic	MS-Access	Windows NT	Jan-00	Jeff Tumilson
Tracking	Tracking	Tracking/Reporting No. of accounts and dollars for Desk Audit Unit. Includes several .xls and .mdb files.	MS-Access	MS-Access	Windows NT	May-99	Paul Miller

ATTACHMENT 3

GLOSSARY OF TERMS

BRITS: The Business Reengineering/Integrated Tax System Project. Phase I of the project is the planning phase, and phase II of the project is the implementation phase.

Business Partner: The technology solutions provider that will work with the Department of Revenue to develop a satisfactory solution for the department's desired integrated tax system.

Contractor: Any entity (individual, partnership, association, or corporation) chosen to enter into a contract with the department. Contractor may also be referred to as offeror, vendor or business partner.

Core Processes: Processes central to tax administration such as Returns Processing, Taxpayer Accounting, Customer Service, Case Management, etc.

Database: Data that has been organized and structured in a disciplined fashion, so that access to information of interest is as quick as possible.

Department: The Arizona Department of Revenue (DOR) or "Using Agency."

Division(s): Organizational units within the Department of Revenue

Quick Hits: These are "mini projects" that will improve morale, assist with change management, streamline processes and/or generate additional revenues to begin funding the Project.

Reengineering: The fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in critical, contemporary measures of performance, such as cost, quality, service and speed.

Returns: Returns may be paper, electronic and other means of reporting to the department

RFP: Request for Proposal

Sign-off: Sign off by the Director of the Department of Revenue denotes receipt and acceptance of project deliverables as agreed to in the contract and the Project work plan. The Project Manager or a designee shall be responsible to sign-off on periodic work plan deliverables to signify acceptance.

Stakeholder: Any person, business, association or governmental organization with an interest or stake in the department (e.g., taxpayers, tax preparers, employees, legislature and political subdivisions).

Tax System: Mainframe resident "proper" or "primary" tax systems include individual income tax system, corporate income tax system, withholding tax system, transaction privilege tax system and accounts receivable system.